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ABSTRACT

Eleven papers on rural economic development cover challenges and opportunities; employment trends affecting nonmetropolitan areas; status of nonmetropolitan women and minorities; case studies of Vermont, North Carolina, Wisconsin, and California; western urban and regional development; economic development in small cities; and rural policy options. "New Challenges and Opportunities for Rural Development" summarizes and integrates material in the other papers. "The Changing Nature of Rural America" discusses population trends and their impact on rural communities, human resources development, and employment opportunities. The next two papers, on employment trends and the status of women and minorities, review published census and other national data on rural growth and structural change, and indicate that women and minorities have not fully shared in recent rural economic gains. The four state case studies follow. "Western Urban and Regional Development: Emerging Conflicts and Planning Issues" covers the context of change (unequal spatial development, sectoral changes, labor market polarization, technological development, poor aggregate economic performance) and problems, issues, and conflicts. "The Future of Economic Development in Small Cities" discusses strategies and policy considerations. A final paper summarizes the findings of the University of California's Rural Development Policy Project, including the critical role for post-secondary educational institutions in providing relevant training for mid-level technical and managerial personnel. (MH)

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NEW CHALLENGES FOR RURAL ECONOMIC DEVELOPMENT

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Preface

The following papers are the result of a study of changing conditions in rural areas of the United States which have experienced significant population and economic growth since the early 1970s. The study was funded by the Ford Foundation in order to identify the pertinent policy issues arising out of the recent rural "turnaround" which has reversed the historic patterns of rural decline in many places. The purpose of the research was to study a variety of rural places experiencing growth rather than population loss because progressive economies, ample levels of service delivery, and problems associated with growth control have not been well studied in the rural context. Further, the nature of rural poverty is very much changed when juxtaposed with rural growth.

This report is a compilation of papers and analyses on rural economic development. The first chapter, "New Challenges and Opportunities for Rural Development," is intended to summarize as well as integrate the material in the report. This chapter was presented as a paper to the Rural Sociological Society's meetings in San Francisco in August 1982. The second chapter, "The Changing Nature of Rural America," has been published as a separate paper in *Policy Studies Review* (Volume 10, 1982), and also as the lead chapter in *Rural Policy Problems: Changing Dimensions* edited by William P. Browne and Don F. Hadwiger (Lexington Books, 1982).

These papers are followed by specific data on the rural turnaround and its economic and employment implications. "A Summary of Employment Trends" and "The Status of Women and Minorities" present a review of published Census and other national data on the impacts of rural structural change. These data indicate the extent of rural growth and the way in which women and minorities have not fully shared in the recent economic gains in rural areas.

The research strategy of the project was to conduct case studies in four states experiencing above average rates of rural population and economic growth: California, Wisconsin, Vermont, and North Carolina. These states were selected because they exhibited a variety of rural development patterns, had above average growth for their region, and represented each of the four major regions of the U.S. The case studies are reported in four separate chapters that present data on rural development and rural policy in each state.

The last three papers were presented at conferences in 1982. "Western Urban and Regional Development: Emerging Conflicts and Planning Issues" was presented at New Perspectives on Planning in the West in Tempe, Arizona in March 1982. "The Future of Economic Development" and "Policy Options for Rural America" were presented at the Small Town and Rural Development Conference in Stevens Point, Wisconsin in March 1982.

We gratefully acknowledge the help of many persons on this project. Reed Hertford of the Ford Foundation guided us in the initial conceptualization of the project, identification of issues, and research design. More recently, Norm Collins and Susan Sechler, also of the Ford Foundation, have provided valuable insights and assistance in obtaining additional support to integrate our research findings into policy discussion at the national and state levels. Our colleagues at the University of California have provided both organizational and intellectual support. At the Institute of Urban and Regional Development, Mel Webber, Kathy Crum, and Toni Brock have ably managed our grant, and Nene Ojeda patiently produced this report. At the Institute of Governmental Studies, Gene Lee, Todd La Porte, and John Cummins have all provided invaluable support. Our project secretary, Maggie Johnson has been absolutely vital in managing both the paper work and correspondence of the project. Colleagues in the Department of City and Regional Planning offered many insights and critiques of this work, and the students in our seminar on rural planning reviewed many of the ideas

reported here. Finally, our greatest debt is to the hundreds of people throughout the nation, in universities, government, and private business who spent many hours with us describing their research, and giving us their observations and ideas on the way development is taking place in many places we could only briefly experience ourselves. We hope we have accurately represented their perspectives in these papers.

This report was presented to the Ford Foundation to meet the obligations of our initial grant and to promote discussion of rural policy at the national and state levels. We will be revising and integrating these papers into a book and thus would appreciate all comments on the work reproduced here.

New Challenges and Opportunities for Rural Development

Ted K. Bradshaw
Edward J. Blakely

Introduction

The massive changes affecting rural America in the 1970s and 1980s significantly alter the issues national rural development policy must address (Bradshaw and Blakely, 1979; Pulver, 1979; Powers and Moe, 1982; Gilford, Nelson, and Ingram, 1981; Deavers and Brown, 1981; Schaller, 1978). Although the policy challenges have been known for some time, little or no rural policy analysis has emerged to meet this need. Therefore, during the past year the Rural Development Policy Project, based at the University of California, Berkeley, with the support of the Ford Foundation, has taken the lead in collecting information and establishing networks of practitioners, scholars, and policy makers who are trying to understand the character and policy impact of the unexpected growth in population and economic activity now taking place in rural areas (Bradshaw and Blakely, 1982a; 1982b; Blakely and Bradshaw, 1982).

Based on the Project's conclusions from the past year's research, the character of rural growth is broad-based and extensive, with mixed benefits both for rural areas and for rural populations. While new population growth creates jobs and economic opportunity, the benefits of growth are not shared broadly within the local rural population. Beale (1981) reports that 485 rural counties continue to decline in spite of the recent rural revival, and they face persisting conditions of rural poverty (Brown and Beale, 1981; Howes and Markusen, 1981). To contend with these issues, new rural economic development strategies are required to assist rural communities in retaining their essential rural character and providing increased opportunities for all rural citizens.

During the past year the Rural Development Policy Project has accomplished a great deal. The original project, proposed in 1980, was to integrate current research and policy issues into a common policy framework recognizing the changing conditions of rural America. The Project at the outset identified economic development issues as the central focus for research and analysis. Increased national and local concern over the integration of the changing economy into rural labor markets has been a consistent problem. Moreover, many of the premises on which past economic development efforts were based were undergoing fundamental change and thus a number of specific issues needed to be examined. These were:

Unevenness of recent rural development. Why have particular rural areas experienced growth while others continued to lose population and decline economically? What are the economic, social, and policy reasons for this uneven rural growth, and what are the impacts of it? Is more growth desirable for rural areas? And, if it is, can it be guided in balanced ways?

Small business. There is evidence to suggest that most net new rural jobs occur in small businesses. What are the potentials for these businesses, and what problems do small businesses face in rural areas? What type of small businesses can or should be encouraged? And, what are the most appropriate policies to assist small business growth?

Service industries. The expansion of the service sector in rural communities poses several critical questions. For example, do these service jobs provide a strong economic foundation in rural areas? Are these jobs well-paying and stable? And, to what extent has the growth of the service sector been contingent on continued government expansion?

Disadvantaged persons in the labor force. To what extent does the rural economic development now occurring affect disadvantaged groups, racial minorities, women, and unskilled or underskilled persons? Does rural growth worsen the conditions of these groups, or does it offer them new opportunities? This is important because many of the new rural growth communities are homogeneously white and affluent, or are centers for retirement, tourism, or other specialized groups. In these communities the problems of minorities and other disadvantaged groups may be exacerbated.

Moreover, the context for economic development was changing with new patterns of interrelations between local communities, educational institutions, and voluntary organizations (Hage, 1979).

The procedure for conducting the study was to examine data and information gathered from scholars, public agencies, and other organizations in four selected states (California, Vermont, Wisconsin, and North Carolina). These data were subsequently used for a comparative analysis of variations in rural growth types, regional contexts, and economic patterns. In each selected state research was conducted to identify major policy relevant trends of rural economic development, to specify the issues of greatest policy significance in each state, to develop a policy research capability in each state through the formation of links with key policy makers and organizations, and to establish a system for disseminating the results.

In the sections that follow we will summarize our major findings in terms of the major themes which have emerged from the comparative analysis of rural economic development. This will be followed by a comparative summary of each of the states' perspective on rural development and an outline of comprehensive policy directions.

Economic Development in Rural America

Economic development is a popular concept with many meanings (Vaughan and Bearse, 1981; Bergman, 1981; Habersfeld, 1981). We consider it to be a process whereby jobs are created, the quality of work improved, the wages from work increased, and greater access to economic opportunity, including ownership, is created for all categories of people. Economic development has emerged as the most pressing issue for small cities and rural areas in the 1980s. For example, when members of the National Advisory Council on Rural Development were polled about the issues most critical to their communities, the vast majority indicated that economic development has the highest priority. Although economic development has long been a critical concern in rural areas, the changing character of the rural population and its economic base has dramatically increased public concern and raised expectations for effective intervention strategies.

The economic changes affecting rural America have been particularly important within the past decade. As evidence of the character of the new rural economy has emerged, much of our current thinking about the rural economy and the nature of effective strategies for improving it have been altered. For example:

- It is well known that the rural economy can no longer be depicted as agricultural (National Rural Center, 1981); yet agriculture is a more dominant force in the national economy than in previous decades (Larson, 1981; Newby and Buttel, 1980).
- Many rural areas are the net recipients of migrants from urban areas who create new jobs and businesses (Bradshaw and Blakely, 1981; Stevens, Bunch, and Soth, 1981); yet a core of nearly 500 counties continues to lose population, and many of these counties face severe economic stagnation (Long and Deare, 1982).

- Rural areas are increasingly the site of new manufacturing activity in growth industries, high technology, and innovative product lines (Bradshaw and Blakely, 1979; Moriarty, 1981); yet rural wages remain low and many places are dominated by branch plants in low-wage industries (Summers, 1976; 1982; Squires, 1981; Summers and Clemente, 1976; Rogers, 1978).
- Service industries have become the major sector for rural employment, and professional services are among the fastest growing (Haren and Holling, 1979; Hage, 1979; Schaub, 1981); yet many long-term rural residents, minorities, and women remain unemployed, trapped in seasonal jobs, and unable to improve the quality of their jobs (Averitt, 1979; Brown and O'Leary, 1979; Teal, 1980; Houstoun, 1981).
- Rural organizations involved in economic development are becoming increasingly effective in serving local needs (Bradshaw and Blakely, 1979; Anthony Brown, 1980); yet these organizations lack many of the tools that would enable them to serve the new rural communities with greater effectiveness (Sokolow, 1981; Reid and Stam, 1981; Green and Reed, 1981; Zody, 1980, Elder, 1982).

In understanding these changes we have identified four issues of the greatest significance.

First, the models and strategies appropriate for economic development have changed, and need to be rethought in light of the changing rural economy. In the past it was assumed that industries started and developed in the urban environment and then diffused to rural locations when their manufacturing processes had become standardized and capital became substitutable for skilled labor (Thompson, 1975; Erickson and Leinbach, 1979). While this "product-cycle" model is seen in some places such as North Carolina, which is receiving many branch plants, other places such as Northern California and Vermont are seeing many instances of new and innovative industries starting in rural areas, at least on a small scale. Moreover, it is becoming clear that many areas are developing with substantial inputs from service businesses and transfer payments, instead of relying on what is thought of as "basic industries," including agriculture and manufacturing. The role of these nonbasic industries in rural economies challenges models of economic development that equate industrial development with plant-siting efforts (Pulver, 1979). A policy consequence is that efforts to develop better infrastructures, including constructing industrial parks, need evaluation; the limitations of this scheme are seen in Wisconsin, where it is estimated that enough industrial parks have been built to last until the year 2010. Nor is it clear that training programs are any better in rural areas for providing the means to economic development. In each of the states we studied, training programs were being rethought because they did not provide training that matched the needs of employers. Instead, a series of targeted training efforts have been designed that prepare specific workers with skills needed by an identified employer, a version of on-the-job training. In sum, it is clear that many of the persisting visions of how to do economic development in rural areas are being recast, and policy makers are searching for new models.

Second, we have found that there is a great need for programs that reach the truly rural areas, that is, the areas where the density is too low for the efficient delivery of most types of services. In each of the states we studied, the shift to a modern rural economy is most difficult if town size is very small and effective means are not available to link the remote area to major national networks. On the other hand, we have found very little support for the "growth center" thesis that places of 25,000 are the prime candidates for growth and that they should be encouraged to collect population from the outlying regions (Hansen, 1973). We have found that growth is broadly dispersed and that economic development of some types is

occurring in low-density areas. Effective programs to reach into these areas are missing, however, and creative programs for the delivery of services are needed.

Third, we found that a variety of organizational forms for effective rural economic development have been created, but significant problems are associated with the use of any one form for a national strategy to improve rural areas. On the whole, the best examples of rural development organizations are a number of community-based organizations coming from CSA and OEO programs, such as Impact Seven in Wisconsin (Hubert Smith, 1980). These organizations have effective leadership, innovative programs, broad-based community support, and impressive results. We found, however, that the success rate of these organizations is minimal compared to the number originally started, and that success is more dependent on circumstances and individual leadership than on effective control structures. Similarly, we found that some state-level programs are very successful, for example North Carolina's plant attraction efforts, but they are applicable only in some circumstances and may not be as adaptable to local potentials as would be desired. Clearly, organizational models need to be rethought and created as needed. A number of guides to this may include the need for organizations to be multijurisdictional (as effects of economic development everywhere cut across township and county lines), to be broad-based in support (linking the interests of federal, state, and local governments with private business), and to be adequately staffed so that complex programs may be established and carried out.

Finally, we found that the interests of women, minorities, the poor, and the disadvantaged are not being well represented by the current economic changes affecting the rural turnaround. While statistics on rural poverty are no longer as depressing as they were when the President's Commission wrote *The People Left Behind* (1967), the condition of minorities has improved little over the last five years, and new disadvantaged ruralites have increased in numbers. In 1979, the percentage of nonmetropolitan persons below the poverty line was 13.7%, compared to 10.7% in metropolitan areas; the 1979 rate of rural poverty (13.7%) had improved from 33.2% below poverty level in 1959. But black poverty remains massive in rural areas, with 39.5% below the poverty line in 1979. While this percentage is about half what it was in 1959, the improvement largely reflects the migration of the most impoverished blacks to the urban centers, rather than real widespread improvements in rural black economic opportunities (U.S. Bureau of the Census December, 1981).

It has become clear to us that two components are needed for an effective rural development strategy for the disadvantaged. First, efforts must be developed and sustained to protect the present opportunity structures that are available to rural disadvantaged persons. The movement of middle-class white and affluent persons into rural areas has reduced the viability of the resources the disadvantaged used to have. For example, the loss by black farmers of much land in North Carolina has reduced an opportunity structure that is nearly impossible to reproduce. Some of the most effective programs in many rural areas are those that provide rural disadvantaged with legal information on their rights and assist residents to obtain benefits that are already available. Moreover, in each of our study states we have seen the impact of higher land values, rapid economic change, and increased taxes on the disadvantaged in growth areas. In fact, many poor are forced into the equivalent of rural ghettos--small towns that collect an especially high proportion of poor persons from a wider rural region. Means must be identified to halt these deteriorating situations.

The second component of an effective rural development scheme for the disadvantaged is the identification and implementation of targeted programs that meet particular needs of the disadvantaged population. It is increasingly clear that general economic development does not "diffuse down" to the poor. Teal (1980) points outthat the working mother faces new difficulties such as the lack of public transportation, low wages, and inadequate childcare, especially with the breakdown of the extended

family structure whereby relatives could take care of children. For example, the median income of nonmetropolitan female heads of household in 1979 was $8,919, about half the total of all families, $16,975 (U.S. Bureau of the Census, November 1981). The most pressing needs of rural economic development for the disadvantaged include programs that help create effective means of promotion and more middle level jobs, establishment of preferential hiring agreements with new plants so that better targeting of job opportunities may be achieved, and the use of various mechanisms of economic development, such as equity contributions, to establish ownership and responsibility for the disadvantaged in the firms in which they work.

A Comparative Analysis of Four States

Each of the four states in which we conducted extensive field work and analysis during the past year exhibits a very different context in which economic development is taking place. Each of the states is experiencing above average rates of population and economic growth, especially relative to their region. Each of the states is innovative in one way or another in the types of programs and the strategies chosen for economic development. Each of the states has components of their strategy which are particularly successful while other components leave gaps and even create new problems for rural residents.

North Carolina. North Carolina is the most traditional rural state in terms of the type of rural economic development it is pursuing. Faced with decades of population loss and rural poverty, the state embarked on what it perceived as its only option for rural development--to attract part of the industrial flow that was heading to the sunbelt into its own rural areas. North Carolina looked outward to find a solution to its economic development problems and found it in branch plants of northern manufacturing companies (Moriarty, 1981; 1982). Initially through the influx of textile and apparel firms, and later other manufacturing, the rural towns of North Carolina were the locus for a large number of manufacturing firms seeking low wages, a nonunionized labor force, low land prices, and weak governmental regulation. As these plants created thousands of jobs they helped stem the flow of people from many rural communities (Finger, 1980).

North Carolina has the nation's second largest rural population and is an especially poor southern state. North Carolina's population migration shifted from a loss of 94,000 during 1960-1970 to a net inmigration gain of 151,000 between 1970 and 1979. On the whole it has been whites who have migrated into North Carolina and blacks who migrated out; however, the net number of blacks who are now leaving is very low (U.S. Statistical Abstract, 1980). During the 1970s, there have been persistent calls for efforts on the part of the State to equalize growth between urban and rural areas and between the three traditional regions into which the state is divided. However, growth remains uneven (Moriarty, 1981; 1982; Bergman, 1981). The central Piedmont region is the most urban, and also the most affluent, having the major universities, higher skill employment, and lower poverty rates. The coastal plains, however, are predominantly black, poor, and slowly growing; the economic base remains primarily agricultural, and the infrastructure is weak. Tourism along the coast is one source of opportunity, but it is concentrated in just a few counties. The western third of the state is mountainous, low-income, white, and dependent on tourism and lumber-based industries. The result of North Carolina's effort to attract branch plants of manufacturing industry has been many low-skill rural manufacturing plants. But it has also been associated with the state's having one of the nation's lowest average manufacturing wages, the lowest rate of unionization, and the fifth highest rate of female participation in the labor force (U.S. Bureau of the Census, 1979; N.C. Department of Commerce, 1979). There is a great deal of debate about the extent to which this strategy has served the state, and if it is going to provide a base for greater economic improvement in the future.

Wisconsin. Wisconsin, like North Carolina, is a manufacturing state. However, this base is traditional and declining, and exists in the context of a state with a long history of extensive public involvement and support for local enterprise. Presently most of the supports for rural and manufacturing development in general have been pulled back in Wisconsin, leaving the state in a position of moving forward under conditions of much reduced governmental involvement. In a sense, the Wisconsin experience is parallel to that of the federal administration's effort to reduce public involvement. Although much has been cut back in Wisconsin by the present governor, the economic base continues to change. Moreover, a number of new problems are emerging that reflect major economic changes at the national level such as plants being purchased in large numbers by outside firms (Detwyler, 1982).

Wisconsin has experienced a dramatic turnaround in population, reducing its losses of 160,000 nonmetropolitan residents in the 1950s to only 17,000 in the 1960s, and then gaining 104,000 nonmetropolitan residents in the 1970s. Rural policy in Wisconsin is now very weak at the state level, though there are a number of effective regional and community-based economic development efforts. The Stevens Point area in the center of the state has developed an effective network of small cities that have significant manufacturing between them to stimulate the regional development, and the area is a model of what has been called a "ruralplex." In the more northern parts of the state a large number of retired persons have moved year-round into cottages near the region's many lakes. The traditional industries of lumber and agriculture, although rich rural economic resources, have been dwarfed by growth in services, tourism and small-scale manufacturing. Wages remain low, and a large Native American population has fared worse than the whites. The southern parts of the state are largely dairy and grain farm areas, and while affluent, they have been relatively unaffected by the "turnaround." Wisconsin has a major resource in the extensive network of community developers that are part of University Extension and the effective local community-based organizations in the state. A model organization is Impact Seven, a community-based organization in the northwest, which is very effective in economic development activities.

Vermont. Vermont is not a manufacturing state such as North Carolina and Wisconsin, and it has no tradition of either state or county government programs for economic development. With its township government it is a very decentralized state and has come to accept centralized government functions only reluctantly (Bryan, 1981). The growth that has taken place in Vermont is almost entirely spontaneous and indigenous, coming from plants locating in the area without great efforts by local organizations and from expansions of those which are already located there. Today, however, there is a great deal more activity from state agencies to stimulate economic development and a variety of multijurisdictional organizations have begun to get involved. The role of these organizations in Vermont is not controlled from the central state government although they may have been started on a statewide basis. The programs are generally decentralized to the local level where a great deal of authority over their operation rests, but are constrained by the state to operate only in certain ways which are consistent with state goals.

Vermont is a small state with virtually no metropolitan centers. Vermont started growing rapidly in the 1960s and became aware of the serious environmental consequences of unplanned growth. The response, Act 250, has been an effective and innovative blend of statewide guidance of local decisionmaking to protect the attractiveness of the state's rural environment (Healy and Rosenberg, 1979). Vermont's economy has grown rapidly during the last two decades, and it has less unemployment than the national average. But the counties in the "Northeast Kingdom," bordering Canada and New Hampshire, face persisting depressed conditions and outmigration as a result of poorly developed infrastructure and isolation. Although Vermont is not a large manufacturing state, some of its most noticeable growth has been in high-technology

manufacturing especially in the Burlington area. The Vermont machine tool industry has provided high skill jobs for many years in the southeastern part of the state. However, the major growth in manufacturing employment (77%) has been in plant expansions, not new locations as in North Carolina. But, as in most rural areas of the nation, the service sector has grown faster than manufacturing, and today a broad set of service-producing industries employ two out of every three Vermonters.

The most distinctive feature of Vermont's economic development effort has been the organizational structures that have developed to handle growth. Vermont's government is organized by townships rather than counties, and so it has no effective structure to carry out economic development at the substate level. This role has been taken on by a number of multijurisdictional and state agencies. For example, many EDA planning districts have developed into industrial development organizations. The state has an elaborate economic development plan that links federal and state agencies and private firms in a program of economic development, but for the most part the state seems to be managing growth rather than engaging in effective programs to entice it.

California. The final state we examined is California which differs markedly from the others in terms of the economy and the role of the state (Bradshaw and Blakely, 1979; 1981). Growth in California is almost entirely in the service sector, with manufacturing employing about 10% of the workforce. Moreover, the economic development occurring in California is largely indigenous, and is very innovative in terms of a number of key aspects such as linking public and private bodies in multijurisdictional organizations. There has been little state level guidance of economic development in California. Many localities and economic development organizations have become experts in getting grants and doing sophisticated projects (Blakely and Zone, 1976). Rural California is large in comparison to other states, but it is small in comparison to the state's massive urban areas. As a consequence, state programs are usually applied to urban and rural areas alike, pressing rural areas to be as sophisticated as their urban counterparts.

During the 1970s California's rural areas added over half a million people (561,800) and grew two and one half times faster than the urban areas. This growth was evident in virtually all of rural California, although it hides many depressed areas that are facing lumber-mill closures, agricultural displacement, and lagging tourism. The most rapid growth is in the foothill counties along the western slope of the Sierra Nevada Mountains. Here growth is a combination of retirement, services, and high technology. Professionals are the most rapidly growing occupational category, many of whom are well-educated migrants from the urban areas. A number of electronics firms have moved into the area, including some clusters of sophisticated firms with small numbers of employees who have spun off from other electronics manufacturers. The state has prepared, but not yet adopted a rural plan, though the rural areas benefit greatly from the variety of urban programs, such as the vast network of community colleges, that bring services into less densely populated areas. A recent statewide planning effort for the foothill area has shown that significant problems are associated with rural growth and need major attention in an era of declining community resources. Nonetheless, an effective array of organizations are active in economic development in the state, usually serving constituencies in several counties, blending public and private resources and control, and innovating effectively in a number of areas.

Policy Directions

Economic development patterns varied in each of the four states in which research was conducted, and each has helped shape a vision of the type of efforts which should be undertaken for the benefit of all rural residents. In all areas the poor

and underprivileged, especially minorities and women, lack adequate access to the economic opportunities shared by the affluent newcomers, and often the disadvantaged have born a significant burden as a result of the growth which is taking place. The focus of rural policy will thus necessarily shift in the coming decades from providing the basic motor of rural economic development in a lagging region to that of refining the process of rural development so that the maximum benefit is obtained for all rural residents.

The existing context for rural policy in the United States is based on a traditional perception of rural areas as being agricultural or resource-extractive, isolated, economically depressed, and lacking in political influence. This concept of rural areas and small towns has contributed to a policy formulation process designed to modernize and incorporate rural places into the mainstream of the nation. While this intellectual framework may have been relevant and necessary at one time, it is inadequate now. Rural areas have undergone, and are undergoing, fundamental changes that are making them more complex in character, more diverse in socioeconomic structure, more urban in amenities, and with more difficult special problems. It is in this milieu that new policy alternatives are necessary.

Rural policy however is a combination of directions and programs which are carried out at three different levels and with three different foci. The national role is critical in providing leadership and in setting standards for the improvement of conditions in rural areas that cut across state lines and regional boundaries. National organizations and the federal government share this responsibility. State governments and statewide organizations have the responsibility for setting particular targets for assistance and making sure that the organizational structure is in place to deliver adequate services to every needy rural person. Local governments and organizations, finally, are responsible for conceiving of and carrying out programs which meet the local needs of their residents and which appropriately tap their capacities and resources. The policy directions proposed in the following chapters can be summarized in terms of the types of roles each level of policy can play in rural economic development.

The National Role. Rural development is a national problem, especially since it intersects with competing urban and international interests. It is very apparent to us that the federal government has played a vital role during the last several decades in rural community development leading to, and culminating in, growth. The federal role ranges from water and highway systems to CETA and rural development projects for various economically disadvantaged areas. National advocacy organizations have also been active in promoting the interests of rural people and in upgrading opportunities for disadvantaged persons. A number of policy directions need to be taken at the national level.

Develop a strong federal rural policy. The present effort within the Department of Agriculture to complete the National Rural Development Strategy Plan under the direction of the Under Secretary for Small Community and Rural Development (USDA, Office of Rural Development Policy, 1982) is a necessary step in the formulation of an integrated and coherent policy for the changing role of the federal government in rural areas. This policy will be the first effective effort by the federal government to integrate the various activities of several agencies and to set a clear direction for further governmental involvement. The efforts at developing this policy should be supported by the best intellectual resources available and by the various organized rural interests. The policy should be a broad agenda for the accomplishment of concrete objectives for rural America, including the reduction of poverty, the improvement of economic opportunities for all persons, the support of the natural environment, and the upgrading of areas left behind in the rural growth of the past decade.

Create conditions for effective economic development. The need for economic development programs and projects in rural areas is acknowledged by government and interest groups alike. The national economic development policies should take rural needs into account, since many programs have especially significant effects on rural areas. Moreover, national policy has a most pressing responsibility to develop economic programs for rural areas that take into account the unique qualities of the rural economy, rather than simply repackaging urban programs. The following four themes should be emphasized.

1. Emphasize a diversified economic foundation and a broad concept of basic industry. In the past much of the effort to develop rural economies has been to attract "basic" industries which included manufacturing and resource based firms and businesses. Increasingly it is clear that many service industries and even retirement populations stimulate the rural economy in the same way as would the previous notion of what was basic (Pulver, 1979; Smith and Pulver, 1980; Hirsch and Summers, 1982). Thus, colleges, tourism, computer services facilities, insurance companies, and other service businesses should be included in the efforts of rural economic development. The latter are growth industries and, along with high technology firms, should be emphasized as part of the linkage between the dynamic rural economy and the urban-industrial society (Bradshaw and Blakely, 1979).

2. Develop rural human resources. The attractiveness of the rural labor force is one of the major reasons rural areas are growing, and the continued development of skills among rural persons will be necessary to sustain the types of rural growth which will not perpetuate the problems of rural disadvantage. Training programs for rural workers need to be upgraded and targeted to rural constituencies including women, who run many small businesses, and minority farmers. Moreover, entry level training programs must be supplemented by creative and innovative advanced level programs. Postsecondary educational institutions need to be enhanced and better integrated into economic development projects. These efforts to improve the skill resources of rural workers should be particularly targeted to local needs and opportunities for the poor and disadvantaged.

3. Overcome the disadvantages of low population density. Rural areas have, overall, become integrated into the national society and share many of its opportunities and problems; nonetheless they retain the one big difference of low density and long distances between population centers. This problem requires innovative efforts to overcome the higher costs of doing things at a smaller scale. Regional programs, circuit riders, simplified program administration, and the like will help overcome problems of distance (Doeksen et al, 1975). Small business programs make more sense than those promoting large business (Lee, 1982). Franchising models may be applicable, telecommunications can be used, and cottage industry can be encouraged (Toffler, 1980). Furthermore, the unique resources of agriculture, forestry, and mining need to be sustained as an economic sector of critical importance to rural areas.

4. Integrated programs of economic development should be emphasized. There is growing awareness that effective economic development projects link concerns for industrial attraction and development with human resource development and social service delivery. Infrastructure development is a necessary but insufficient component of economic development, and better use of existing industrial parks is needed, especially in regards to the creation of effective programs to integrate plants with local skills. Training, social service delivery, and job enrichment should be linked with programs of

job creation. Such economic development projects offer the best opportunities for minorities and women to make effective gains in rural wellbeing.

Provide resources for the most needy rural areas. National programs have the special role of facilitating the reallocation of some resources from areas of affluence to areas in which poverty and depressed conditions prevail. National efforts can shift benefits from urban to rural areas in order to equalize some of the disadvantage of rural poverty, and provide special assistance for the most needy parts of the nation. The bulk of rural poverty at present is in the South, and as a consequence state level efforts are not likely to be able to reverse this situation alone. Moreover, many federal programs are already underway which are addressing the significant level of deprivation that remains in rural areas. For example, Native Americans throughout rural America, but particularly in the Southwest, are disadvantaged and efforts on their behalf are sponsored by the Bureau of Indian Affairs. The Appalachian Regional Council, Rural Electrification projects, and many of the Farmers Home Administration projects are of critical importance to the disadvantaged parts of rural states. The federal government has a strong presence in rural America and can be more effective in allocating programs to the most needy rural residents.

In addition, the national advocacy groups for rural Americans are doing an effective, though constrained, job of representing the interests of rural persons. Rural America is the best known and has done much to point out such issues as the exploitation of farm workers and the negative impacts of some plants in rural communities. They have also taken a lead in developing low cost housing programs and energy projects. The National Rural Center is a leader in rural policy analysis and has had a positive influence in setting national policy. These groups and others like them need to be sustained and their functions broadened so that they can represent the wide spectrum of rural people and build a diversified base of financial support.

Create a context for improved rural scholarship. The forthcoming National Rural Strategy Plan (USDA, Office of Rural Development, 1982) provides an opportunity for the intersection of the growing body of rural scholarship stimulated by the population turnaround and the redefinition and reorientation of rural policy. At present, rural scholarship is too dominated by agricultural extension and rural sociology interests which are not representative of the changing policy concerns. The staff of the Department of Agriculture is capable and they have been taking the lead in providing information and a forum for an exchange of ideas about rural development, but recent cuts in federal funding have limited their capacity. More serious are the recent difficulties in sustaining data series which have been published on rural areas. The lack of data will make further analysis difficult and expensive (Gilford et al, 1981). These data sources must be preserved.

The State Role. To an increasing extent, national rural policy will be implemented through state agencies and state programs. These state level efforts, which will be part of the "new federalism," will create more flexibility for states to tailor the federal effort to the particular projects that they feel need to be done. But the new state responsibility will also create more pressure on the state to have an effective organizational structure through which the various programs may be carried out. Each state will have to set priorities for its own economic development efforts and will need a more refined understanding of the character of their options and the groups which they want to target. The following efforts will lead to this end.

Identify priorities and strategies for rural development. The states each have the opportunity and responsibility to identify those aspects of economic development which they want to emphasize and the broad set of strategies they want to pursue to reach these ends. No federal policy can adequately coordinate the varied interests and opportunities which exist in the many rural states, and no federal policy can set the range of strategies which state governments are willing to pursue. Further, the

states must themselves decide to what extent they wish to pursue rural interests as opposed to overall state economic development interests. The Balanced Growth Plan in North Carolina is one example of the way in which urban and rural interests need to be balanced (North Carolina Division of Policy Development, 1979). Vermont's strategy for economic development places its emphasis on small business and indigenous growth thus selecting a set of strategies for the promotion of rural interests (Snelling, 1979). These state plans and efforts will have to be refined in light of the emerging federal policy, and input from various state level rural organizations will be required.

Improve the organizational capacity of rural development groups. State efforts to expand the capacity of rural organizations are essential so that economic development programs can be effectively managed in those places where they are most needed. In all the states we examined there is a history of weak organizations in the most needy areas. Whereas in the past organizations were not even formed, at present rural organizations in depressed areas and organizations serving disadvantaged persons are weak in capacity. The organizations reflecting the interests of the newcomers and the professional classes typically have better leadership and more creative means of implementing programs. State and regional efforts to improve organizational capacity are needed and involve targeting some grant money to key rural organizations for the purpose of capacity building.

Encourage multijurisdictional organizations. There is a great need at the state level for the stimulation and development of multijurisdictional organizations that have an increased capacity to use resources and to effectively coordinate programs. These organizations take three forms and all three are needed as is appropriate to local conditions and needs. First, governmental organizations such as Councils of Governments ("COGs"), private industry councils, and conservation districts provide means for broadening multijurisdictional responsibility and coordination (Reid and Stam, 1981). Second, community based, nonprofit organizations are effective means of reaching the needs of multiple jurisdictions. Finally, special program oriented "joint powers" organizations are an innovative means of creating an effective organizational effort for some programs in rural areas. State leadership in creating models and implementing them is needed.

Coordinate land use. State responsibility over land use can be an effective means of minimizing some of the disadvantages of growth in rural areas. State recognition of the patterns of rural growth and its allocation in rural areas is necessary in order to create a local context for effective economic development. Vermont's Act 250 is one example of the way a state can effectively set up a process for approving rural land use that is not regulatory in a bureaucratic sense, but which establishes the means by which substate agencies can coordinate land use with overall economic development goals and the adequate provision of social services (Healy and Rosenberg, 1979).

Set procedures for targeting resources to the particularly needy. The states' role in economic development requires that they have priorities for targeting resources and projects to the rural residents who are in the greatest need. The absence of specific priorities means that the needs of particular groups get missed by efforts to improve the overall rural economic climate. Concrete state actions within the broad policy guidelines of the federal government are needed to make sure that more of the development effort reaches the most needy rural residents.

The Local Role. Substate jurisdictions conduct the economic development activities which are the core of any efforts to improve the conditions of rural employment. These local efforts must work within national and state guidelines which establish priorities, but they express a great deal of flexibility to create programs appropriate to local conditions and resources. The ultimate test of national policy is really at the local level and local organizations must do much to make sure that the needs of disadvantaged rural residents are met. Local projects should pursue the following goals.

Diversify the sources of funding and the types of services delivered. Organizations which are dependent on only one source of funding and only one client group are less capable of responding to changing needs or new opportunities than a diversified organization. Government programs have been the main source of finance and direction for many rural organizations, and recent government funding cuts have put many of these groups out of business. Those who are persisting have developed a wider base of activity and support and can rely on alternative funds and projects as governmental restructuring continues.

Identify and utilize particular local resources. One of the tragedies of many rural development programs is that they miss local resources in the attempt to build economic development projects inspired by outside models (Habersfeld, 1981). The rush to attract and develop rural electronics facilities is one example. Virtually every rural location we studied wanted to get an electronics plant, but many did not realize that these plants were not as attractive as expected and that the plants were unlikely to locate in their area because the appropriate labor force and technical base were missing from the community. On the other hand, successful economic development projects often build on an existing base, as with the whey processing plants in Vermont which utilize cheesemaking wastes. In order to avoid these misperceptions our research has suggested that a careful and accurate assessment of community resources is the first step toward a successful program. These explorations also need to consider the larger resource context of the regional in which the rural community is located. The resources and needs of neighboring towns are in the long run not just relevant, but crucial, to the success of any development project.

Links should be made to educational institutions. The emerging rural economy needs to build ongoing and creative linkages with institutions of higher education. In all the states we examined there is an effective set of community colleges, adult education programs, and four year colleges/universities with which economic development programs need to be associated. These links provide the most effective means to acquire new expertise and to tap creative and energetic program assistance.

Local programs should acquire equity in businesses they assist. Through various organizational mechanisms, rural communities and organizations should share in the equity or profits of the firms which they assist. The partnership of the community and the local businesses which are developed or recruited needs to be sustained in order to make economic development truly effective (Shapira, 1979). Economic development which is viewed only as a giveaway is usually not very satisfying for the local community.

Local areas should link economic development to the provision of services. A far reaching set of opportunities for rural development is to wed the provision of public services with economic development goals. For example, in many rural communities contracts are given for road work, construction of public facilities, and waste disposal without any conditions that local disadvantaged persons be utilized to do the work. Moreover, many functions like waste disposal can be expanded into paying jobs through the use of recycling technologies and energy creation, reducing the problem of expensive landfill. Appropriate technologies of this sort are effective options for some rural communities who wish to expand public services into levers for economic development.

Conclusion

The above policy directions propose a broad agenda of action for rural America to stimulate the creation of jobs, to improve the level of economic well being for all rural persons, and to provide new opportunities to the most disadvantaged. The change which is occurring in rural America is creating both the *need* for more active programs of the sort identified here, and the *opportunity* to creatively and effectively

meet these needs. We should not be blind to this fact as we recognize the enormous scale of the "turnaround" in rural population and the rural economy. The problems of rural America still need our best attention and effort.

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The Changing Nature of Rural America

Ted K. Bradshaw and Edward Blakely

Introduction

The recent reversal in population growth in rural versus urban (Beale, 1975; Morrison and Wheeler, 1976) is significant for two reasons. First, the vast, depressed, sparsely settled nonmetropolitan parts of the country are experiencing both population and economic growth (Haren and Holling, 1979; Beale, 1980). This growth is bringing jobs, commercial services, diversity, and a general improvement in the quality of life (Eberts, 1979, p. 180). Yet there is some evidence that growth is also associated with ecological imbalances (Wilkening and Klessig, 1978), increasing crime rate, congestion, and social and economic inequalities among old and new residents. It has become increasingly suspected that population growth and economic change may not necessarily equal progress and benefit for all rural people.

Second, the recent rural growth phenomenon defies and disconfirms an earlier premise of major modern theories of social and economic development that equated technological progress with *urbanism* and forecast the continued growth of megacities along the perimeters of the nation. Current rural growth could not be predicted or understood by the earlier models. No clear model links nonmetropolitan population growth, economic development, and the rural community to explain this recent phenomenon.

The purpose of this paper is to review what we are learning about the source of recent rural growth, to identify the new problems emerging from this growth, and to point to some policy directions for effective rural development.

We will argue that three forces have combined to make new patterns of population and economic dispersal possible and attractive, thus explaining why rural growth has occurred now rather than before. The three forces now stimulating rural development do not derive from agriculture and the rural heritage, but rather reflect the opportunities of an advanced industrial society that finds rural places a compatible venue for its development. From this perspective the three most critical components of recent rural development are:

1. Technological innovation and the expansion of services have made possible the emergence of a new economic base to replace agriculture in rural communities.
2. The improving capacity and quality of community life brought about by improved physical and social services makes rural areas attractive for technological and social development.
3. The ability of rural areas to develop links with each other and with urban centers makes it feasible for rural areas to attract people, business, and industry.

These three forces of rural change are thus mutually reinforcing opportunities for rural development built not upon old rural characteristics but upon new ones. This suggests that rural areas are no longer "rural" in the sense of agricultural, backward, isolated, and conservative. In many ways they are finding themselves at the frontier of change and development (Bradshaw and Blakely, 1979). As in any frontier, new sets of problems emerge from this process, requiring new policy mechanisms. The most significant of these policy directions involve a shift in development strategies: from attracting industry to stimulating local-based businesses, from public works projects to human resource activities, and from local capacity development to regional voluntary powers arrangements.

Rural Areas and Advanced Industrial Society

It is no longer an anomaly to describe rural areas apart from the central urbanizing forces shaping most of the industrialized world. The forces of change creating the "postindustrial" or, as we prefer to call it, the "advanced industrial" society, are altering the way rural areas are developing.* (Bradshaw and Blakely, 1979; Hage, 1979) Indeed, some rural areas are not bastions of traditionalism but vanguards of the emerging socioeconomic order (Bradshaw, 1979; Blakely and Bradshaw, 1980; Bryan, 1981). Hage (1979, p. 98) notes that rural areas have entered a "postindustrial" stage that is "so qualitatively different that one must look for quite different causal laws or hypotheses." The expansion of advanced industrial characteristics into rural areas provides an alternative view of the future and of the place of rural areas in the evolving social developments. The growth of rural society is a significant development of advanced industrial society because it is made possible by new economic and organizational possibilities. In this way, rural development may be at the frontier of change rather than in the backwater.**

But in spite of the improved conditions in many parts of rural America, significant areas continue to experience stagnation, decline, and isolation. Many of these areas have little prospect of taking advantage of the new opportunities associated with an advanced industrial society. There is a great deal of variation in how, and how much, the forces of advanced industrial society influence rural America. This paper builds on our new research in four rural areas, which is part of the Rural Development Policy Project, but does not attempt to present the project's preliminary empirical findings.

The states we surveyed have different economic structures and levels of human resource services. California's rural areas are experiencing the greatest level of service employment and high-technology development, and benefit from a well-developed social and institutional infrastructure. Vermont is developing a high-technology economy with significant tourism and small business components, but it has a weak delivery system for human services. Wisconsin has a traditional rural economy, now faced with the influx of large plants and insurance companies, but it has a well-developed human resource infrastructure. North Carolina, finally, has a rural economy marked by many low-skill manufacturing plants, and it has a poorly developed service and institutional infrastructure.

The Possibility of Rural Growth: Technology and Services

The major nonagricultural impact of technological development on rural areas since World War II has been the reduction in the difficulty and costs of spatial separation. Low-cost telecommunications, particularly with satellite technology, have put the whole country and most of the world within reach of the telephone, and increasingly, this means connection to such computer resources as teleprocessing, data files, and graphics. Innovations in media have made television available to most of the remote corners of the country, and the distribution of national news has broadened. Electronic control of processes in manufacturing and information management has allowed dispersed plant locations throughout small communities in the midwest and

*We prefer the term "advanced industrial" rather than "postindustrial" to describe these developments. The data, first of all, do not support the notion that there is a decline of "industry," meaning manufacturing, as part of the modern economy. Virtually all the growth in services has been proportionate to the decline of agriculture and other extractive industries, with manufacturing remaining fairly constant over the last 60 years (Bradshaw, 1976; Blakely and Bradshaw, 1979, pp. 11-22). We also use "advanced industrial" to signal our scepticism of the urban/progress bias of past work, allowing us to focus more evenly on the problems these changes generate.

**A number of recent views of the future present an alternative to the postindustrial thesis that sees rural life as a decentralized option for the future. (See Bradshaw, 1980; Roszak, 1978; Thompson, 1978; Toffler, 1980.)

south. A larger share of the value in many products now comes from the kind and quality of technical input they embody, instead of from their raw materials or energy-consuming processes, making transportation less critical in terms of cost. Services, especially education, insurance, and government are easily dispersed for similar reasons (Ginsberg and Vojta, 1980). In short, the impact of these developments for rural society is that the economic base is now linked to the most progressive parts of the national and world economy, being an adjunct to metropolitan production rather than a distant supplier of materials, workers, and lifestyle.

The Changing Shape of Rural Employment Opportunities. Three trends are of significance in terms of the changing rural economy. First, in virtually every section of the country agriculture is no longer the dominant employer, and more important, it has nearly reached a stable low employment level, halting its century-long decline. Second, manufacturing employment has grown in rural areas, especially those with branch plants and factories connected to growth industries. Finally, services have expanded to employ nearly 60% of the rural labor force, and they provide the new basic economy for the growing rural population. *(See Chart 1.)*

Employment in agriculture is very near to reaching stability, meaning that there will be few new displaced farmworkers available to work in rural factories or to continue to migrate to urban areas. Bureau of Labor statistics (1980) data show that during the mid-1950s to mid-1960s agriculture lost about 200,000 employees per year. By the 1970s the loss was reduced to a tenth of the previous total, about 20,000 employees per year. Agricultural employment dropped from 7.2 million in 1950 to 3.5 million in 1970. By 1979 agriculture still employed 3.3 million (see Table 1).

Table 1

AGRICULTURAL EMPLOYMENT IN THE UNITED STATES

Year	*Agricultural Labor Force* (000s)	*Change from Previous Period*	*Average Annual Change*	*Average Annual % Change*
1950	7,160	--	--	--
1955	6,450	- 710	- 142.0	- 2.0
1960	5,458	- 992	- 198.4	- 3.1
1965	4,361	-1,097	- 219.4	- 4.0
1970	3,462	- 899	- 179.4	- 4.1
1975	3,380	- 82	- 16.4	- 0.5
1979*	3,297	- 83	- 20.8	- 0.6

*4-year period

Source: Bureau of Labor Statistics, 1980

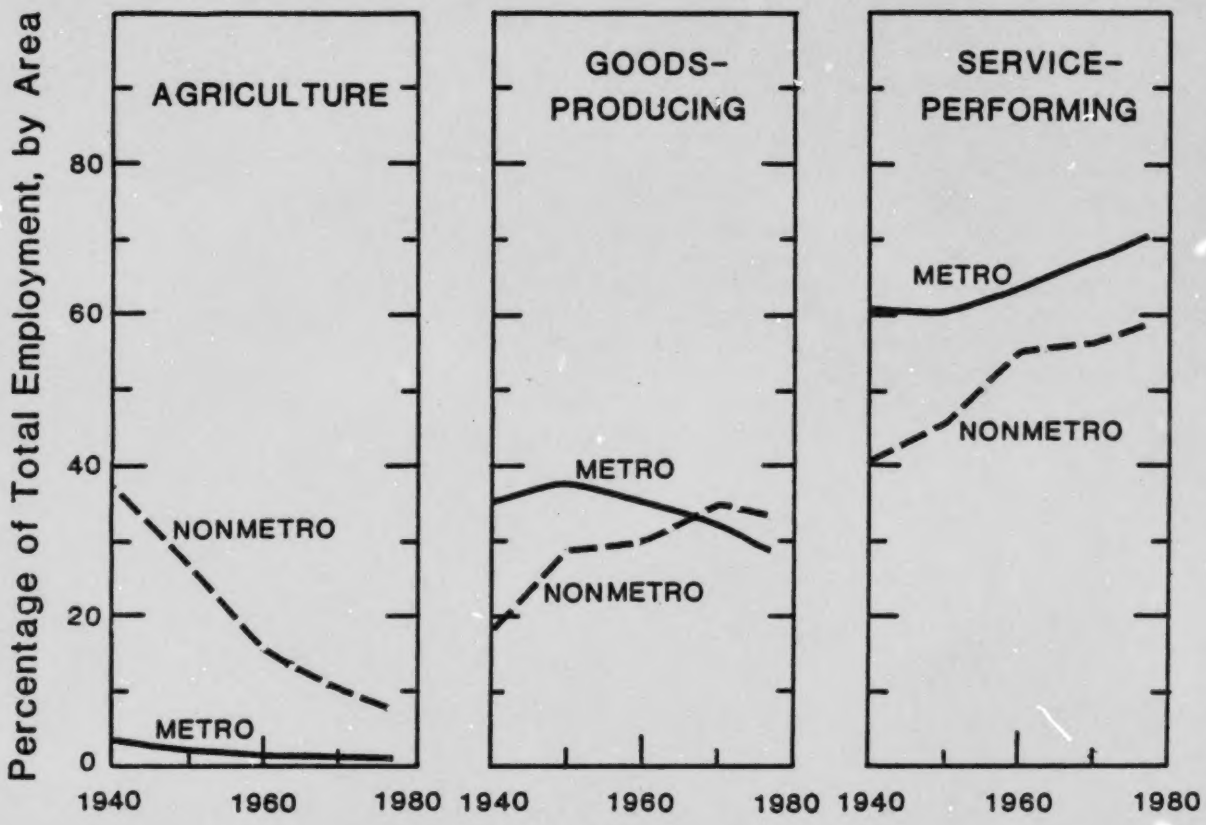
These data suggest that a major qualitative change is occurring in the character of the labor force in rural areas as the huge impact of displaced agricultural workers disappears.*

Manufacturing industry is a growing and powerful force in many regions of the country. From 1962 to 1978, manufacturing employment grew by 3.2 million, with 1.8 million (56%) in nonmetropolitan areas. From 1962 to 1970 nonmetropolitan manufacturing employment grew 30.8%, compared to only 15.2% in metropolitan areas; but in the 1970s nonmetropolitan manufacturing employment increased by a much more

*The end of massive agricultural labor displacement in the 1970s corresponds closely to the rapid turnaround of rural population and economic growth. It is not clear if this is a causal relationship or not.

Chart 1

METROPOLITAN EMPLOYMENT
IN THREE SECTORS, 1940 - 1974



Source and definitions: See Appendix 1.

modest 12.1%, while metropolitan employment actually declined by 3.5% (Haren and Holling, 1979). The slower growth of manufacturing employment in the 1970s reflected more difficult economic times, but the distribution of that growth indicated clearly that there has been a significant shift in manufacturing to rural areas. During this period the south added 966,000 manufacturing jobs, 53% of the national manufacturing job growth.

There are a number of factors associated with the growth of rural manufacturing employment. The first is the declining importance of proximity to natural resources. Spengler (1967) estimates that today only 7% of the labor force needs to be located close to natural resources, whereas 30 years ago nearly 30% of the labor force was locationally determined. This spatial freedom in part reflects the lighter weight per dollar value of new products such as electronics, and in part the greater ease of transportation. Hansen (1970, p. 23) argues that "economic opportunity is associated with capital and human skill, and not with land and natural resources." A second reason is that growth industries are choosing rural locations because there they find skilled workers and a lifestyle that is considered essential (Petrulis, 1978, p. 15; Wrigley, 1973, p. 59). Bradshaw and Blakely (1979, p. 43) have shown that between 1965 and 1976 rural California acquired over 5,000 new high-technology jobs, 20% of all new nonmetropolitan manufacturing jobs in the state. A final reason for rural manufacturing growth is that corporations can find a low-wage and nonunion work force in rural areas. In times of declining productivity, profits, and increasing international competition, firms are seeking labor advantages wherever they can. Rural areas offer these opportunities.

Service employment has become the largest and most significant component of the rural labor force in recent decades. From 1962 to 1976 nonmetropolitan counties gained 6,232,000 new service jobs, 73% of the total new nonagricultural job growth during that period (Haren and Holling, 1979). Manufacturing, by comparison, gained 21%. It is important to note that trade and government each gained more new jobs than did manufacturing, and personal/professional services gained nearly as many.

The strongest sector of rural service-industry growth is professional services. Based on 1977 Current Population Survey data, professional service-industry employment grew 43.1% from 1970 to 1977, while overall employment in nonmetropolitan areas grew by 24.4%. Business services grew by 41%. The implication is that the new growth in rural parts of the country is very service-oriented, and that a major part of it is the most skilled segments of the labor force.

Evidence is also accumulating to suggest that services play a more catalytic role in rural economies than has previously been assumed. Smith and Pulver (1980) have shown that service industries contribute significantly to the basic income of an area; that is, they bring income into the area from outside. For example, in trucking, insurance, wholesale trade, construction, and computer services, major income flows were from outside the community.

Rural Dual Labor Market. Research on the quality of jobs in rural areas has consistently found the manufacturing jobs relatively poor and characterized by considerable amounts of unemployment and such poor wages that often they were attractive only to female labor. Averitt (1979) describes this as a characteristic of the dual economy in rural areas. Some rural states even advertise their nonunion status by way of promising firms persistent lower wages. Many of the high-technology electronics and similar firms moving to rural areas characteristically have a sharply bifurcated labor force: large numbers of very low-skill workers, and a significant number of managers, scientists, and technicians--but few medium-skilled workers between, and little opportunity for job mobility (Saxenian, 1981).

In spite of the growth in rural employment, rural earnings still lag considerably behind urban earnings. The data show that metropolitan earnings are about 20% higher than nonmetropolitan (Bluestone, 1979, p. 18). *(See Table 2.)*

Table 2

PER CAPITA PERSONAL INCOME AS PROPORTION OF TOTAL U.S.

	South	*West*	*North Central*	*Northeast*	*U.S.*
Total Income 1968					
Metropolitan	95.0	12.6	111.6	116.1	108.8
Nonmetropolitan	67.7	84.0	83.1	86.1	76.8
Total Income 1975					
Metropolitan	98.8	110.2	107.9	110.4	106.6
Nonmetropolitan	74.6	90.2	89.6	86.8	82.8
Increase 1968-75					
Metropolitan	18.9%	11.9%	10.5%	8.7%	12.0%
Nonmetropolitan	26.0%	22.8%	23.2%	15.3%	23.2%

Source: Bluestone, 1979, p. 18.

These data also show that from 1968 to 1975 the total per capita personal income of nonmetropolitan residents increased from 76.8% of the average per capita for the entire United States to 82.8%. The improvement of rural incomes by 6 percentage points during this short period indicates that the gap between rural and urban areas may be closing rather rapidly. Moreover, the nonmetropolitan south depresses these figures. The rural west is over 90% of the national average (but still almost 20 percentage points behind the metropolitan west). Further, the rate of increase of nonmetropolitan areas was double or nearly double the rate of increase per capita in every region except the south. (But the south had the highest overall rate of increase and the highest metropolitan increase rate.)

The Attractiveness of Rural Growth: Human Resources and Quality of Life

The second force for rural development has been a broad-based improvement in the level of human services and amenities that has transformed rural areas from foreboding and inconvenient hinterlands into attractive and advantageous venues for new technological development. The interstate highway system linked cities to each other, but along the way it gave easy access to vast rural areas. Government intervention has paid off in rural areas with the promise of rural electrification being realized, schools being improved, public services being available, government capacity being increased, and sewer and water systems steadily being modernized. More recently, medicine, higher education, regional planning, and similar activities have reduced the disadvantages of rural life in many parts of the nation, permitting people to live out their preferences for a rural lifestyle. In short, the second component of our model suggests that the recently improving organizational capacity, physical infrastructure, and quality of life have made rural areas attractive to the potentials offered by advanced industrial technology and services.

The extent to which this organizational development has occurred is documented by Webster and Campbell (1976), who studied the various service agencies in 16 predominantly rural counties in east Tennessee. They discovered 919 different agencies in these counties, and even more significantly, showed that "almost every service [from a standardized service list] was available to rural citizens, albeit frequently by agencies not geographically housed in each county--nevertheless, available" (p. 87). The critical predictors of agency growth were median income, median education, and rate of immigration. In short, the services were most available in those communities

with the strongest connections to the socioeconomic resources of the wider society.

Human Resources and the Changing Rural Demography There are essentially two ways to show that rural growth is responsive to the changing attractiveness of rural areas. The first is to document that population change precedes economic change, and the second is to show that the most highly skilled are the most likely to choose to migrate. Evidence supports both points, suggesting that rich human resource bases are the foundation for rural development.

A recent study by Zuiches and Price (1980, p. 356) has shown that rural population growth in Michigan preceded economic development, with jobs a *response* to recent population growth. Equally applicable are the findings from a number of surveys of recent newcomers to rural areas. These have found that the majority of the newcomers arrive for lifestyle reasons, or because they like the particular rural area in contrast to their urban residence. The majority do not have jobs when they arrive, but are soon able to find one or create one. In a recent study of 533 newcomers to six northern California communities, Bradshaw and Blakely (1981) found that a high proportion of newcomers started their own businesses. Overall, 42% were involved in starting a business during the first few years of their residence in rural communities. Self-employment is the major source of income for 31% of the newcomers; another 5.3% are partially self-employed. The final 2.5% either did not complete their plans (yet) or failed. These businesses ranged from small retail outlets to professional consulting firms. In any case, the resources of the newcomer were critical in making the opportunities available.

National data lend further support to these findings on the role small business plays in rural employment. Data from the Survey of Income and Education (Bureau of the Census, 1976) indicate that there is double the proportion of self-employment in nonmetropolitan areas (17.4%) as in nonmetropolitan areas (8.9%). Self-employment in nonmetropolitan areas exceeds self-employment in metropolitan areas in every industrial sector except recreation and entertainment services; moreover, many of the largest self-employment industries (such as agriculture) are found in higher proportions in rural areas than in urban.

A second source of evidence of the attractiveness of rural areas consists of the types of people who are arriving in those areas. Data show consistently that these migrants are also more prone to be highly skilled, educated, and resource-rich. While this tends to be the pattern of many migrant streams, the attractiveness of rural areas to these migrants is a recent development. Beale (1981) computed the employment patterns of nonmetropolitan workers from the 1975 survey of income and education. These data showed that 22.9% of the recent migrants (nonmetropolitan residents who were metropolitan residents in 1970) were employed in professional services, the highest category of employment. In contrast only 17% of the oldtimers (nonmetropolitan residents in both 1970 and 1975) worked in professional services. Trade was the second most common source of employment (21.3% newcomers), followed by manufacturing (18.1%). Newcomers equalled or exceeded oldtimers in proportion of employment in every field except manufacturing, agriculture, and transportation/public utilities. Clearly, newcomers are a major force shaping the growing sector of the economy.

Persisting Inequalities. The main finding that emerges from the analysis of these data on the migration into rural areas is that the newcomers are bringing both significant human resources and the economic base that relies on these skills. On the other hand, minorities, women, and youth are losing out. By 1977 only 3.1% of nonmetropolitan black men over 25 had completed four years of college or more, while 8.3% metropolitan blacks had done so; in comparison, 6.8% of nonmetropolitan white men had completed this much college, while 23.4% of white metropolitan men had done so. Similar figures show the disadvantage of rural hispanic men. Moreover, minorities

are greatly overrepresented among the functionally illiterate. As a consequence, nometropolitan minorities lag in salary and suffer great rates of unemployment.

Data on female earnings suggest that there may be a deterioration in wage equivalency between rural female and male workers. In 1969, women overall earned 48.5% of the male nonmetropolitan earnings. By 1976 this factor had dropped to 47.5%, indicating a slight decline. More telling, the female wage dropped in every occupational category except operatives, laborers, and service workers, where gains were noted. The disparities were significant in some occupations. For example, in sales, females earned 31% of males in 1969 and then dropped to only 28.5% in 1976.

Facilitating Low Density Development: Patterns of Regional Coordination

The third force shaping the recent growth of rural areas is a new pattern of community structure that makes possible truly dispersed rural growth, in contrast to growth focused in medium-sized "growth-centers." In spite of the continued significance of rural population nodes such as Burlington, Vermont or Stevens Point, Wisconsin, smaller rural communities throughout the nation are becoming more specialized, differentiated from one another, linked into regional business and employment networks, and organized into new and innovative regional service-delivery ventures. Without these changing forms of regional community ecology, the rural areas would not be as attractive. Rural areas are rapidly converging with urban in terms of many characteristics, such as the economy and overall quality of life, but rural areas remain distinctive in that they must overcome the disadvantages of low population density. Specialization and regional linkage enable many communities to overcome the disadvantages of low population concentrations while taking advantage of the flexibility rural environments provide.

Community Diversity. A major tenet of rural regional studies is that the various communities are relatively independent of each other, each providing basic services for their residents, while larger regional nodes provide specialized services. Thus, we have come to assume that all small rural towns are very much alike and that within a region the social and economic structure of one town is similar to that of the others. This pattern is breaking down rather rapidly; under the new growth patterns, rural communities are just as clearly differentiated as urban neighborhoods. Each community in a rural region contributes something to the whole, however, and thus an explicit "organic" network of relations is evidence of their greater interdependence. Hage argues this thesis most succinctly:

> For a variety of reasons, towns and cities in nonmetropolitan regins are specializing and in the process of breaking down the former hierarchy [by which smaller communities are subsets of larger cities and are dependent upon them]. Nonmetropolitan areas are becoming like wheels in communications networks rather than like trees.* (Hage, 1979, p. 94)

Rural growth has created a number of interdependent types of community that are frequently linked to each other in a regional network. Each type of community reflects a different history and different patterns of resource development; each attracts a different migratory stream from the urban areas. Together, these community types describe the variety of change occurring in rural areas. We have identified six types of rural growth community (see Bradshaw and Blakely, 1981); there are other types that describe declining or stagnant communities. Each type is not found in every region, though most are distributed throughout the country. These are ideal types, whereas in reality more than one may combine to characterize a particular community.

*The classic form of a "tree" in the language of set theory is a bureaucratic organization chart where connections are as few as possible and hierarchically organized; the wheel has everything connecting to everything else.

1. *Government-trade communities*. The prototypical service community, these communities are often the larger county seats and have both government and trade growth. Regional shopping centers, as well as the offices of an impressive array of social services, are located here.

2. *University-professional communities*. These communities are usually centered around state colleges and universities, and have become the backbone of the sophisticated technology occurring in rural areas. The key to the economy of these places is the regional provision of expert advice in accounting, engineering, law, business services, and similar professional activities. Health care is usually more specialized and prevalent in these locations.

3. *Industry-dominated communities*. These communities have a large manufacturing plant or office complex that employs many rural residents. Manufacturing plants are the backbone of the economy in some areas and provide considerable employment, as is frequently seen in many southern states. Often the jobs in these plants are poor and working conditions less than idea. The plants were often located there because of significant tax incentives and the promise of a good (that is, undemanding and nonunion) rural labor force. Large insurance companies and offices of other service industries are found throughout the midwest, and serve many of the same functions in communities as do manufacturing plants.

4. *Tourism communities*. The growth of tourism in recent years has provided a partial base for many rural communities. But most tourism is highly seasonal and employs people in minimum-wage jobs in restaurants and motels. Moreover, tourist communities are increasingly attracting a cadre of well-educated, economically independent permanent residents who bring portable professional businesses with them from the urban areas. In the small communities around Stow, Vermont or Mendocino, California, newcomers can afford the high cost of the tourist setting, and they remain economically active in their investment, writing, art, consulting, and similar occupations. The remotely located computer programmer is prototypical (Toffler, 1980). A variant is the counterculture communities of the West and many other areas, which are in relatively attractive places, though away from the high prices of the tourist centers.

5. *Retirement communities*. The rural retirement-dominated community is becoming noticeable in many rural areas, such as northern Wisconsin, Florida and California. The prevalent trend is that retired people will either enter into largely retirement-type subdivisions, often buying mobile homes, or take up full-time residence in a summer cottage. Retired people usually constitute about half the population; the other half provide services for them.

6. *Resource-based boom towns*. While not a new phenomenon, these communities have recently become common along the east slope of the Rockies, the Appalachians, and the oil-rich parts of the south. The drive for new natural resources continues to subject many areas to considerable growth. We have little to add about the types of development in these communities.

Isolated and Declining Communities. In contrast, 485 nonmetropolitan counties in the nation lost population during the 1970-80 decade (Beale, 1981). These counties reflect the lack of a successful accommodation to the pressures of the growing society. For the most part they are in the midwest and the south, are still dependent on agriculture for their economic life, and are not successful in turning their agriculture into a more viable economic base. They also reflect the problems of declining resource industries such as mining and logging, the closing of railroads and other transportation networks, and the closing of factories as in the New England area. Finally, the declining communities are generally less attractive to the new migrants and new business in terms of physical amenities.

Policy Directions

The major efforts of most federal, state, and regional agencies have treated rural America in terms of its agricultural-industrial base, working to improve its backward economy, deprivation of social services, emigration drain, and limited community capacity. Only now is a rural policy framework being formulated that takes into account the growth and potential for growth in large sections of the nonmetropolitan countryside. There are two reasons for the neglect of growth as a component of rural policy. First, few policymakers have been convinced that small town growth is important to the nation. Some viewed it as a temporary condition that would be altered by the energy crisis or merely as the extension of urbanization beyond the suburbs (Gustafson, 1975). Second, most policymakers do not understand the mechanisms by which the opportunities and capacities of growing rural areas may be enhanced. As a contribution to the creation of a more sensitive policy framework, we suggest three directions that capture the potential of the major forces we have posited in this paper.

Economic Development versus Industrial Attraction. The strong bias of past policy initiatives has been toward attracting industry in the hope of creating a stronger rural economy. Recently, a considerable amount of research has suggested that successful economic development projects may come from a local base instead of externally controlled branch plants. For example, Smith suggests that community-based economic development is every effective in creating jobs, to the extent that projects have adequate start-up money and financing during their early growth phases, community leadership is present, and coordinated human resource development programs are able to link job training with necessary human services (Smith, 1980, pp. 263-277). In short, the economic development potential of community-based organizations may be more effective than industrial attraction, especially in the growing service sector.

Another direction for rural economic development is to break out of the centralized grip that large nonlocal firms have on raw materials and food production. Efforts to link resources and end-product development in rural communities may pay off on a broad scale. For example, Vermont is attempting to do more in-state cheese production rather than shipping milk products elsewhere for processing; many rural states are attempting to produce more of their own table vegetables rather than importing them from California. The leadership and markets for these types of product developments are increasingly in place of growing rural areas.

Human Resource Development. The pervasiveness of poverty and depleted community structures in rural America has long dominated the policy concerns of most rural initiatives. While these concerns persist and service delivery systems still need improvement in rural areas, it is time for an effective effort to complete the upgrading of the rural human resource base. The newcomers are bringing new skills into rural areas, and the institutional framework is largely in place. What is needed, however, is a better appreciation of the full range of human resource development activities that need to be coordinated in a rural region.

Less advantaged indigenous rural residents need to be introduced to the opportunities associated with rural growth. Traditional training programs probably will no longer work. Coordinated training, placement, and enterprise development efforts need to be undertaken.

Enhancing Regional Capacity. The third policy direction builds closely on the themes of regional interdependence articulated above. Although capacity development has been a consistent small-town policy theme at the national level for several decades, it is becoming clear that capacity development in thousands of the smallest communities and counties is no longer sufficient, and providing duplicate services in each community is wasteful. Yet regional coordination of rural communities is an *ad hoc* relationship for which there are few guidelines and little experience.

In the past, most efforts have established regional planning and coordinating bodies which either have no power, and so cannot get things done, or are very unpopular because they have power at local communities' expense. On the other hand, a number of communities in several regions have voluntarily developed joint powers arrangements that provide waste removal, transportation, water, or social services for several geographically contiguous communities and counties. The mechanisms for such entities are only emerging, but some of the outlines are becoming clear: the regional body has a specific limited focus; it has joint powers shared between cities, counties, or their specific agencies; and it has day-to-day independence in running its program. These arrangements promise to be an effective means for communities to formalize their interdependence without becoming bogged down in another layer of bureaucracy.

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Appendix 1

METROPOLITAN AND NONMETROPOLITAN EMPLOYMENT, 1940-1977
(Employed Persons: Percent of Sector Total)

	Year	*Agri-cultural*	*Goods Producing*	*Service Producing*	*Total (000s)*
Metropolitan	1940	3.4	35.7	60.9	24,756
	1950	2.5	37.4	60.1	33,377
	1960	1.8	34.8	63.4	42,146
	1970	1.5	32.0	67.8	53,119
	1977	1.4	27.9	70.6	60,681
Nonmetropolitan	1940	36.9	18.9	40.1	20,411
	1950	28.5	28.3	45.2	22,863
	1960	15.3	29.6	55.1	42,146
	1970	9.1	35.0	55.9	22,140
	1977	7.9	32.7	59.4	27,539

[a] Source: 1940 Census, County Data Book, U.S. Department of Commerce, Bureau of the Census, 1947.

[b] Source: 1950 Census, City and County Data Book, U.S. Department of Commerce, Bureau of the Census, 1952. (168 SMSAs)

[c] 1960 Census, City and County Data Book, U.S. Department of Commerce, Bureau of the Census, 1962. (212 SMSAs).

[d] Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1977 and 1970, Current Population reports, Special Studies P-23, No. 75, Bureau of the Census, U.S. Department of Commerce, 1978. (243 SMSAs--1970 definition).

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A SUMMARY OF EMPLOYMENT TRENDS AFFECTING NONMETROPOLITAN AREAS IN THE UNITED STATES

Phil Shapira

Introduction

This memo summarizes the key employment, occupational, and labor market trends which have affected nonmetropolitan and rural areas in the United States over the last few decades. Topics covered include: the decline of agricultural employment; the growth of industrial and service-based activities; sectoral changes; labor-market and occupational developments; and changes in per-capita income levels.

Decline in Agricultural Employment

The decline in the relative importance of U.S. agricultural employment in the twentieth century has been well documented (Beale, 1978). In 1950, as Table 1 shows, the agricultural labor force numbered nearly 7.2 million, or about 12% of the nation's employed workers.

Table 1

AGRICULTURAL EMPLOYMENT IN THE UNITED STATES

Year	*Total Employed Labor Force (000s)*	*Agricultural Labor Force (000s)*	*Proportion Employed in Agriculture (%)*
1950	58,918	7,160	12.2
1955	62,170	6,450	10.4
1960	65,778	5,458	8.3
1965	71,088	4,361	6.1
1970	78,627	3,462	4.4
1975	84,783	3,380	4.0
1979	96,945	3,297	3.4

Source: Bureau of Labor Statistics (1980)

However, by 1979, agricultural employment had dropped to roughly 3.3 million, comprising just 3.4% of the labor force. The bulk of the decline in agricultural employment occurred in the two decades of the 1950s and 1960s, with the period 1960-1965 seeing the largest absolute loss of 1.2 million jobs (Table 2). During the 1970s, the decline in agricultural jobs has slowed quite substantially and seems to have bottomed-out with a small average annual fall of about half of one percent.

The picture is broadly similar when all extractive employment (agriculture, forestry, and mining) is considered. Nationally, employment in this sector of the economy fell from about 14% of all employment in 1950 to 4% in 1977 (Table 3). In nonmetropolitan areas, extractive employment amounted to nearly one-third of the total in 1950 -- a reflection of the importance agricultural and natural resource-based activies have traditionally had in the economic history of rural areas. By 1977, however, nonmetro extractive employment had fallen to just under 10%, representing a significant, but no longer dominant, share of nonmetropolitan employment. Again, it appears that the fall in extractive employment bottomed-out in the 1970s. This reflects both the slowdown in the rate of decline of agricultural employment and the resurgence, particularly in the second half of the 1970s, of employment in mining.

Table 2

RATE OF CHANGE IN U.S. AGRICULTURAL EMPLOYMENT

	Change in Agricultural Labor Force (000s)	*Average Annual Change* (000s)	*Average Annual Change* (%)
1950-55	- 710	142.0	- 2.0
1955-60	- 992	- 198.4	- 3.1
1960-65	- 1,097	- 219.4	- 4.0
1965-'70	- 899	- 179.8	- 4.1
1970-75	- 82	- 16.4	- 0.5
1975-79*	- 83	- 20.8	- 0.6

* 4-year period

Source: Bureau of Labor Statistics (1980)

Table 3

EMPLOYMENT IN EXTRACTIVE INDUSTRIES
(Agriculture, Forestry, Fishing, and Mining)

	Percent of All Employment				
	1950a	*1960a*	*1970a*	*1970b*	*1977b*
Metropolitan	4.3	2.6	1.7	2.0	1.9
NonMetropolitan	31.1	18.8	10.2	10.7	9.4
U.S. TOTAL	14.1	7.7	4.3	4.5	4.2

Sources: a. U.S. Census of Population, quoted in Zuiches and Brown (1978), metropolitan areas as of 1963.

b. Bureau of the Census (1978), metropolitan areas as of 1972.

Overall Changes in Non-Agricultural Employment

Over the last two decades, there has continued to be a general and relative shift in the U.S. economy away from the production of goods and towards the provision of services (Ginzberg and Vojta, 1981). In 1962, as Table 4 indicates, the goods-producing sector of the economy (manufacturing, construction, and mining) accounted for 36.5% of total non-farm employment, while service-performing activities (trade, services, finance, insurance, real estate, and government) accounted for 56.5%. By 1978, the U.S. goods-producing sector had fallen in relative size to 29% of total employment, whereas service-performing activities had grown to 65.3% of all jobs.

The relative shift to service-based activities is most marked in the metropolitan areas of the country where, by 1978, service-performing employment accounted for 66.5% of the total number of metro jobs. But the nonmetropolitan areas have also been strongly affected by the overall trends. In 1962 37.5% of all nonmetropolitan jobs were in the goods-producing sector, with 56.1% in service-performing activities. By 1978, goods-producing industries accounted for 33.0% of all nonmetro jobs, while service-based employment had risen to 61.7% of the nonmetro total. In terms of absolute numbers, of the 8.5 million jobs added to the nonmetropolitan employment base in the 1962-78 period, 2.3 million (27%) were in the goods-producing sector. Over the same period, 6.0 million jobs were added in nonmetropolitan service-performing activities (Table 5).

Table 4

NONAGRICULTURAL EMPLOYMENT, U.S.,
METRO AND NONMETRO, 1962 - 1978

Employment by Sector (000s)

	U.S.			METRO			NONMETRO		
	1962	*1970*	*1978*	*1962*	*1970*	*1978*	*1962*	*1970*	*1978*
Mining	642	610	678	209	209	222	433	401	456
Construction	2495	3171	3644	1899	2422	2592	596	749	1052
Manufacturing	16622	19764	19870	12715	14654	14141	3907	5110	5729
Trans, Comm, Util	3861	4447	4694	3016	3533	3634	845	914	1960
Trade	11215	14695	18547	8606	11372	13924	2609	3323	4623
Services	7603	11264	15420	5990	8957	12090	1613	2307	3330
F I R E	2754	3594	4525	2339	3064	3780	415	530	745
Government	9000	12824	15945	6256	9038	11245	2744	3786	4700
TOTAL U.S.	54192	70369	83323	41030	53259	61628	13162	17120	21695

Percentage Distribution of Employment

	U.S.			METRO			NONMETRO		
	1962	*1970*	*1978*	*1962*	*1970*	*1978*	*1962*	*1970*	*1978*
Mining	1.2	0.9	0.8	0.5	0.4	0.4	3.3	2.3	2.1
Construction	4.6	4.5	4.4	4.6	4.5	4.2	4.5	4.4	4.8
Manufacturing	30.7	28.1	23.8	31.0	27.5	22.9	29.7	29.8	26.4
Trans, Comm, Util	7.1	6.3	5.6	7.4	6.6	5.9	6.4	5.3	4.9
Trade	20.7	20.8	22.3	21.0	21.4	22.6	19.8	19.4	21.3
Services	14.0	16.0	18.5	14.6	16.8	19.6	12.3	13.5	15.3
F I R E	5.1	5.1	5.4	5.7	6.8	6.1	3.2	3.1	3.4
Government	16.7	18.2	19.1	15.2	17.0	18.2	20.8	22.1	21.7
TOTAL U.S.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Wage and Salary Employment Data (BLS) for March of year indicated, from Haren and Holling (1979). Metro figures include 225 mostly larger of 278 SMSAs designated through December 31, 1977.

Table 5

CHANGE IN NONAGRICULTURAL EMPLOYMENT, 1968 - 1972

	Employment Change 1962-78 (000s)		
	U.S.	*Metro*	*Non-Metro*
Mining	36	13	23
Construction	1149	693	456
Manufacturing	3248	1426	1822
Trans, Comm, Util	833	618	215
Trade	7332	5318	2014
Services	7817	6100	1717
F I R E	1771	1441	330
Government	6945	4989	1956
TOTAL U.S.	29131	20598	8533

	Percentage Change		
	U.S.	*Metro*	*Non-Metro*
Mining	5.8	6.2	5.3
Construction	47.8	36.4	76.5
Manufacturing	19.5	11.2	46.6
Trans, Comm, Util	21.6	20.4	25.4
Trade	65.4	61.8	77.1
Services	102.8	101.8	106.4
F I R E	64.3	61.6	79.5
Government	77.1	79.7	71.2
TOTAL U.S.	53.8	50.2	64.9

Source: See Table 4

The overall picture of employment changes during the last two decades in the nonmetropolitan areas is thus one of an absolute decline in agricultural employment, a steady growth in the number of jobs in the goods-producing sector, and a much larger growth in the number of jobs in service-based activities. In relative terms, over the 1962-78 period, both agricultural and goods- producing employment diminished in importance in nonmetro areas, while service-performing activities experience a comparative growth. It should be added, however, that these overall summaries of the trends only provide a partial indication of what has been happening to employment in the nonmetropolitan areas: these summaries need to be qualified by a more detailed sectoral analysis, which the following sections of this memo attempt to provide.

Non-Agricultural Employment Changes by Sector

Although both metropolitan and nonmetropolitan areas have experienced an overall shift towards service-performing activities in the 1960s and 1970s, a sectoral analysis shows some important detailed differences. For example, manufacturing employment has performed much more strongly in the nonmetropolitan areas than in the metropolitan centers. During the period 1962-1978, 1.8 million manufacturing jobs were added in nonmetropolitan areas, compared with about 1.4 million in the metropolitan areas (Table 5). In other words, of all the manufacturing jobs added to the U.S. economy during this period, 56% went to nonmetro areas (which had just 30% of all manufacturing employment at the start of the period in 1962). In contrast, the metropolitan areas received only 40% of the additional manufacturing employment (although these areas had 70% of all manufacturing jobs in 1962). The

nonmetropolitan areas thus did disproportionately well in gaining manufacturing jobs over the last two decades: they began in 1962 with 23.5% of all U.S. manufacturing jobs, but ended in 1978 with 28.8% (Tables 5, 6, and 7 illustrate these changes).

Table 6

DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT CHANGE TO METRO AND NONMETRO AREAS, 1962 - 1978

	Share of Change	
	Metro	*NonMetro*
Mining	36.1	63.9
Construction	60.3	39.7
Manufacturing	43.9	56.1
Trans, Comm, Util	74.2	25.8
Trade	72.5	27.5
Services	78.0	22.0
FIRE	81.4	18.6
Government	71.8	28.2
TOTAL U.S.	70.7	29.3

Source: See Table 4

Table 7

CHANGES IN NONAGRICULTURAL EMPLOYMENT BY SECTOR (NONMETRO)

	Employment Change (000s)	
	1962-70	*1970-78*
Mining	- 32	55
Construction	153	303
Manufacturing	1,203	619
Trans, Comm, Util	69	146
Trade	714	1,300
Services	694	1,023
FIRE	115	215
Government	1,042	914
TOTAL U.S.	3,958	4,575

	NonMetro Beginning		*Share of Non-Metro Change*		*Share of Total U.S. Change*	
	1962	*1970*	*62-70*	*70-78*	*62-70*	*70-78*
Mining	3.3	3.3	- 0.8	1.2	(100.0)	80.9
Construction	4.5	4.4	3.8	6.6	22.6	64.1
Manufacturing	29.7	29.8	30.4	13.5	38.2	584.0
Trans, Comm, Util	6.4	5.3	1.7	3.2	11.8	59.1
Trade	19.8	19.4	18.0	28.4	20.5	33.7
Services	12.3	13.5	17.5	22.4	19.0	24.6
FIRE	3.2	3.1	2.9	4.7	13.7	23.0
Government	20.8	22.1	26.3	20.0	27.2	29.3
TOTAL U.S.	100.0	100.0	100.0	100.0	24.5	35.3

Source: See Table 4

However, while manufacturing employment increased numerically throughout the 1962-78 period in the nonmetro areas, there were some interesting variations in the pattern of growth (Tables 7 and 8). From 1962-1970, nonmetropolitan manufacturing employment grew by 1.2 million jobs, or nearly 31%. During these years, manufacturing employment accounted for over 30% of all the new jobs in the nonmetro areas (compared with 16% in the metro centers). In the 1970-1978 period, the increase in nonmetro manufacturing jobs halved to around 620,000, which meant a 12% change. Manufacturing jobs only provided about 14% of all new nonmetro employment during this second period.

Table 8

MANUFACTURING EMPLOYMENT IN THE
U.S., METRO AND NONMETRO, 1962-1978

	Manufacturing Employment (000s)		
	1962	*1970*	*1978*
Metropolitan	12,715	14,654	14,141
NonMetropolitan	3,907	5,110	5,729
U.S. Total	16,622	19,764	19,870
	Absolute Change, Manufacturing (000s)		
	62-70	*70-78*	*62-78*
Metropolitan	1,939	- 513	1,426
NonMetropolitan	1,203	619	1,822
U.S. Total	3,442	106	3,248
	Percentage Change, Manufacturing (000s)		
	62-70	*70-78*	*62-78*
Metropolitan	15.2	- 3.5	11.2
NonMetropolitan	30.8	12.1	46.6
U.S. Total	21.8	0.5	19.5

Source: As Table 4

Most noticeably, however, manufacturing employment in the metropolitan areas fell dramatically by over 500,000 jobs (3.5%) during the 1970-78 years. Thus, while in the 1960s, manufacturing employment grew throughout the nation, in the 1970s there was a substantial shift of manufacturing away from the metropolitan areas towards the nonmetropolitan ones. At the same time, while new manufacturing employment was the leading factor in the overall growth of jobs in the nonmetropolitan areas in the 1960s, it was overtaken in numerical importance in terms of new jobs in the 1970s by trade, services, and government employment.

Occupational Groups

In an overall sense, the occupational distribution of employment in the United States has been significantly affected over the last few decades by two structural shifts. First, as the paper has just noted, there has been a relative increase in the importance of service-providing activities, and a relative decline in the role of extractive and manufacturing employment. This shift, in and of itself, would be expected to lead to a relative increase in white-collar and service ("pink collar") occupations, and a relative fall in the proportion of craft workers and operatives. Second, there have been developments *within* industries and economic sectors (such as increased productivity, computerization, bureaucratization of work, etc.) which have also led to an

increase in white-collar work at the same time as decreasing the demand for many traditional blue-collar skills.

Together, these two structural shifts have interacted to change the distribution of occupations throughout the economy, in both metropolitan and nonmetropolitan areas (Tables 9, 10, and 11).

Table 9

OCCUPATIONAL GROUPS
METRO AND NONMETRO, 1970 and 1977

	Metropolitan (000s)		*NonMetropolitan* (000s)	
	1970	*1977*	*1970*	*1977*
Professional Workers	8625	10192	2663	3450
Managers, except farm	4598	6845	1754	2717
Sales Workers	4148	4189	1278	1348
Clerical	10734	12039	2893	3791
Craft	7259	7491	3218	3782
Operatives except Transport	6747	6143	3693	4016
Transport	1989	2190	941	1214
Laborers, except farm	257	248	1146	1123
Farmers, farm managers	298	285	639	784
Service workers	5535	7813	2315	3507
Private Household workers	713	728	428	393
TOTAL EMPLOYED	53119	60681	22140	27539

Source: Bureau of the Census, 1978

However, there have been, and continue to be, significant differences in the occupational distributions in the two types of areas. In 1970, the metropolitan areas had a substantially larger proportion of all employed workers engaged in white-collar occupations (nearly 53%). Nonmetropolitan areas, on the other hand, had roughly an equal distribution of workers in both blue-collar and white-collar jobs in 1970 -- about two-fifths of all workers were engaged in each group (Table 10). By 1977, white-collar work had increased in both metro and nonmetro areas, as had service occupations. But the nonmetro areas continued to have a significantly higher proportion of their workforce engaged in blue-collar occupations (nearly 38%, compared with about 30% in the metro centers).

In absolute terms, the fastest growing occupational groups in nonmetro areas between 1970 and 1977 were service workers, managers and administrators, clerical workers, and professional and technical workers. But, while the nonmetro areas did see a significant increase in professional and managerial jobs, these two groups comprised only about 32% of all new nonmetro jobs during the period, while in the metropolitan areas professional and managerial groups took up about half of all the new jobs (Table 12).

Table 10

OCCUPATIONAL DISTRIBUTION
METRO AND NONMETRO, 1970 and 1977

	Metropolitan		*Nonmetropolitan*	
	1970	*1977*	*1970*	*1977*
Professional	16.2	16.8	12.0	12.5
Managers, except farm	8.7	11.3	7.9	9.9
Sales workers	7.8	6.9	5.8	4.9
Clerical	20.2	19.8	13.1	13.8
Craft	13.7	12.3	14.5	13.7
Operatives except transportation	12.7	10.1	16.7	14.6
Transport	3.7	3.6	4.3	4.4
Laborers, except except farm	4.2	4.2	5.3	5.1
Farmers, farm managers	0.5	0.4	5.2	4.1
Farm laborers	0.6	0.5	2.9	2.8
Service workers	10.4	12.8	10.5	12.7
Private household workers	1.3	1.2	2.0	1.4
TOTAL EMPLOYED	100.0	100.0	100.0	100.0
Summary				
White-collar	52.9	54.8	38.8	41.1
Professionals, Managers	24.9	28.1	19.9	22.4
Sales & Clerical	28.0	26.7	18.9	18.7
Blue-collar (Craft, Operatives, Transp., Laborers)	34.3	30.2	40.8	37.8
Service	10.4	12.8	10.5	12.7
Farm	1.1	0.9	8.1	6.9

Source: Bureau of the Census, 1978

Table 11

CHANGE IN OCCUPATIONAL GROUPS
METRO AND NONMETRO, 1970 - 1977

	Employment Change by Occupational Groups			
	Metropolitan 1970-1977		*Nonmetropolitan 1970-1977*	
Change	(000s)	*Change* %	(000s)	%
Professional	1,520	17.5	787	30.0
Managers, except farm	2,247	48.9	963	54.9
Sales workers	41	1.0	68	5.3
Clerical	1,305	12.2	898	31.0
Craft	232	3.2	564	17.5
Operatives	- 604	- 9.0	32[illegible]	8.7
Transport	201	10.1	272	29.0
Laborers	306	13.8	243	20.7
Farmers, farm managers	- 9	- 3.5	- 23	- 2.0
Farm laborers	- 13	- 4.4	145	22.7
Service workers	2,278	41.2	1,192	51.5
Private household workers	15	2.1	- 35	- 8.2
TOTAL EMPLOYED	7,562	14.2	5,399	24.4

Source: Bureau of the Census, 1978

Table 12

SUMMARY OF OCCUPATIONAL CHANGES, 1970-77

	Metropolitan 1970-77	*Nonmetropolitan 1970-77*
	% of total change	% of total change
Professional and Managerial	49.8	32.5
Sales and Clerical	17.8	17.9
Blue Collar	1.8	26.0
Service	30.1	22.0
Farm + Private	0.5	1.6

Over the same period, blue-collar jobs (craft workers, operatives, transport workers, and nonfarm laborers) made up 26% of all new jobs in the nonmetro areas, compared with less than 2% in the metro centers. Service occupations, however, were more significant in the metropolitan areas, taking up 30% of all the new metro jobs, compared with 22% of all new nonmetro jobs.

Unemployment Rates

Overall, as Table 13 shows, unemployment rates are higher for central city residents of metropolitan areas (7.4% in 1978) than for residents of nonmetro areas (5.8%). Suburban residents of metropolitan areas have the lowest overall unemployment rates of all (5.2%).

Table 13

UNEMPLOYMENT RATES, PERSONS 16 AND OVER, 1978

	Metropolitan		*Nonmetropolitan*
	Central Cities	*Suburbs*	*Areas*
All Workers			
Total	7.4	5.2	5.8
Men	7.0	4.4.	4.8
Women	7.9	6.5	7.2
White			
Total	5.7	4.9	5.3
Men	5.3	4.1	4.5
Women	6.2	6.1	6.4
Black			
Total	13.9	10.5	11.4
Men	14.0	8.8	8.6
Women	13.9	12.4	14.5
Hispanic			
Total	9.6	8.4	9.2
Men	8.7	6.2	7.9
Women	10.9	11.8	11.5

Source: Westcott (1979)

However, when the overall figures are disagregated by race and sex, some important detailed differences emerge.

For example, the pattern of unemployment for men indicates that rates are significantly lower in the nonmetro areas than in the central cities (7.0% for 1978 in the central cities, versus 4.8% in the nonmetro areas). This pattern applies for white, black, and hispanic males. Of these groups, minority males in nonmetropolitan areas (blacks and hispanics) have a significantly higher unemployment rate than nonmetro white men. On the other hand, the pattern for women is somewhat different. White, black, and hispanic women in nonmetropolitan areas experience higher rates of joblessness than in the central cities. Most noticeably, the rate of unemployment for black nonmetro women was 14.5% in 1978 -- this exceeded the rate for black males in the central cities.

Self-Employment

Accurate figures on self-employment are not easy to obtain, but some of the available evidence points to comparatively high rates of self-employment in the nonmetropolitan areas (Table 14). In 1975, 11.5% of the labor force in the United States was self-employed (Bureau of the Census, 1976). Of this, 6.8% gained their income only from self-employment, while 4.7% had both self-employment income and salary or wage income. However, in nonmetro areas, self-employment provided income for 17.4%

Table 14

SELF-EMPLOYMENT BY SECTOR, 1975

	Proportion of Total Employment which is Self-Employment, 1975	
	Metro (%)	*NonMetro (%)*
Total	8.9	17.4
Total - Male	11.8	23.4
Total - Female	5.0	8.9
Sectors		
Agriculture	35.5	53.9
Mining	6.2	9.5
Construction	16.2	24.0
Manufacturing		
- Durable	4.0	8.2
- NonDurable	3.9	5.6
Transport, Comm.	6.1	12.4
Trade		
- Wholesale	8.5	14.2
- Retail	8.1	14.3
F I R E	8.1	13.9
Services		
- Business & Repairs	16.7	30.7
- Personal	14.1	21.7
- Recreation, Enter.	16.8	13.7
- Professional	8.7	8.7
Public Administration	3.2	9.5

Source: Survey of Income and Education, Bureau of the Census, 1976.

of the labor force -- 10.9% had only self-employment income, whereas 6.5% had income from both self-employment and salaries or wages. In part, this high rate of self-employment in nonmetropolitan areas is explained by the presence of agriculture. But even if agricultural self-employment is discounted, nonmetropolitan self-employment still amounts to 9.8% (compared with 7.8% non-farm self-employment in metro areas).

When self-employment is disaggregated by sector, further details of the relative importance of nonmetro self-employment are apparent. In practically all sectors of the economy, nonmetro self-employment is higher than in metro areas. Nonmetro self-employment is particularly important in business and repair services (30.7%), construction (24%), and personal services (21.7%).

Women in the NonMetropolitan Labor Force

In the 1960s, women played a leading role in the development of the nonmetropolitan economy in the United States. From 1960-1970, the U.S. nonmetro labor force grew by nearly 2 million workers. Women accounted for more than nine-tenths of this growth (Table 15). Over the same period, over half of all nonmetro job growth was in manufacturing. Manufacturing accounted for more than 25% of women's employment growth in the nonmetro areas, compared with only 7% in the metropolitan areas. The major industries accounting for this growth included electronics, textiles, and clothing (Brown and O'Leary, 1981).

Table 15

EMPLOYMENT GROWTH, WOMEN, 1960 - 1977

	1960 - 1970[a]			1970 - 1977[b]		
	U.S.	Metro	Non-Metro	U.S.	Metro	Non-Metro
Total Employment Change (000s)	12,670	10,710	1,959	12,961	7,562	5,399
Change in Women's Employment (000s)	7,998	6,250	1,748	7,621	4,690	2,932
Women's Share of Change (%)	63.1	58.4	89.2	58.8	62.0	54.3

Sources: a. U.S. Census of Population, 1960, 1970 (1970 Metro definition)

b. Bureau of the Census, 1978 (1970 Metro definition)

Table 16

CHANGES IN WOMEN'S EMPLOYMENT, NONMETRO, 1960 - 1977

	1960 - 1970[a]				1970 - 1977[b]			
	Metro		Non-Metro		Metro		Non-Metro	
	000s	%	000s	%	000s	%	000s	%
Extractive	27	20.1	- 107	- 37.8	78	48.8	96	46.8
Construction	54	37.2	13	33.7	26	12.8	43	66.2
Manufacturing	442		470		15	0.4	330	17.4
- durable	401	27.5	222	81.2	155	8.5	139	21.1
- nondurable	41	2.1	248	33.7	- 141	- 7.3	192	15.5
Transportation	259	41.8	27	17.6	123	14.2	87	37.5
Trade	1,248	37.9	286	25.9	1,267	28.1	684	40.5
FIRE	497	46.9	87	51.0	489	31.1	196	60.3
Services	2,707		686		2,508	30.0	1,383	41.4
- business/repair	256	83.9	31	85.6	206	35.2	37	42.0
- personal	- 295	- 15.4	- 139	- 16.3	158	9.8	191	23.3
- entert/recreatn	43	34.0	9	29.7	82	50.0	15	33.3
- professional	2,703	80.2	785	66.0	2,062	34.3	1,140	47.8
Public Administration	264	36.7	51	26.1	184	19.7	110	37.7
TOTAL	6,250	39.2	1,748	33.4	4,690	23.0	2,932	36.5

Sources: a. U.S. Census of Population, 1960, 1970 (1970 Metro definition)

b. Bureau of the Census, 1978 (1970 Metro definition)

In the 1970s, the role of women continued to be important, but it was altered somewhat as the character of rural economic development changed (Table 16). From 1970-1977, women's employment grew by nearly 3 million, accounting for just over 54% of the total nonmetropolitan employment change. Manufacturing, however, only accounted for about 11% of the change in women's nonmetro employment. Services accounted for 47% of the increase in women's employment during this period, compared with 39% in the 1960-70 years. Trade was the third major growth sector for women, accounting for over 23% of the 1970-77 increase (compared with 16% from 1960-77).

Table 17

INCOME, METRO AND NONMETRO AREAS, 1970 & 1976

	Total Personal Income ($ millions)		
	1970	*1976*	*Change 1970 - 76*
SMSAs	632,211	1,076,235	70.2
NonMetro	161,273	296,598	83.9
TOTAL U.S.	793,485	1,372,833	73.0

	Per Capita Income	
	1970	*1976*
SMSAs	4,191	6,824
NonMetro	2,882	5,210
TOTAL U.S.	3,837	6,396
NonMetro per capita income as a proporiton of metro	0.68	0.76

Source:State and Metropolitan Area Data Book, U.S. Department of Commerce, Bureau of the Census, 1979, Table C, Items 233-248, p. 507.

Income and Wages

As Table 17 indicates, personal income grew faster in the nonmetro areas during the period 1970-76 than in the metropolitan centers. The change over these years for nonmetro areas was 83.9%, compared with 70.2% in the metro areas. A number of factors are likely to be involved in the comparatively higher nonmetro increase, including the fast rate of growth of the nonmetro population. Nonetheless, when reworked on a per-capita basis, there does seem to have been a significant narrowing of the gap between metro and nonmetro per-capita income levels. In 1970, nonmetropolitan per-capita incomes averaged only 68% of metropolitan ones; by 1976, this gap had narrowed to 76%.

Available wage data also indicates some narrowing of the traditional gap between metro and nonmetro areas. In 1969, mean earnings of nonmetro workers were 78.5% of those in the metro areas; by 1976, the difference had narrowed slightly to 80.6% (Bureau of the Census, 1978). In real terms (constant 1976 dollars) mean earnings diminished in value over this period in both types of areas, but fell slightly more in metro centers than in the nonmetro areas (1969 was a peak year, while 1976 was a trough -- and one with a much higher inflation rate -- so not too much ought to be inferred from this).

Interestingly, on a more detailed analysis, women's earnings in nonmetro areas over this period do less well than men's (Tables 18 and 19). From 1969-76, the gap between male metro and nonmetro mean earnings narrowed from 76.5% to 79.5%. For women, on the other hand, the gap between women's metro and nonmetro mean earnings remained fairly static at 80.0% over this period. Perhaps more importantly, the gap between nonmetro women's earnings and nonmetro men widened, from 48.5% in 1969 to 47.5% in 1976.

Table 18

MEAN EARNINGS, METRO AND NONMETRO, 1969 AND 1976

	1969				1976			
	Male		Female		Male		Female	
	Metro	Nonmetro	Metro	Nonmetro	Metro	Nonmetro	Metro	Nonmetro
Professional	19,853	16,137	9,595	8,183	18,855	15,387	9,393	7,489
Managers, ex. farm	22,159	16,448	10,517	8,195	19,088	15,330	9,128	6,776
Sales workers	15,901	12,723	4,633	3,966	14,201	13,018	4,361	3,715
Clerical	11,557	10,520	6,727	5,460	10,926	11,059	6,622	5,540
Craft	13,570	11,172	7,821	6,785	12,956	11,131	6,443	5,852
Operatives	10,830	9,300	6,036	5,269	10,118	9,144	7,773	5,390
Transport	11,254	9,729	5,416	4,440	11,390	9,930	4,757	3,357
Laborers	8,122	6,937	5,210	4,339	7,531	6,736	5,114	4960
Farmers, farm managers	10,266	9,327	(B)	5,452	10,552	7,525	(B)	(B)
Farm laborers	5,601	4,770	5,712	2,580	6,478	4,504	(B)	2,159
Service workers	8,772	7,249	4,441	3,574	8,005	6,772	3,902	3,411
Private household	(B)	(B)	2,511	1,531	(B)	(B)	1,643	1,176
TOTAL EMPLOYED	14,325	10,963	6,646	5,315	13,545	10,773	6,396	5,120

(B) = Base for the category is less than 25,000 for 1969 and 75,000 for 1976.

Source: Bureau of the Census, 1978 (1970 Metro definition)

Table 19

WOMEN'S MEAN EARNINGS AS A PROPORTION OF MEN'S, NONMETRO AREAS, 1969 AND 1976

Occupational Group	*1969*	*1976*
Professional	50.7	48.7
Managers	49.8	44.2
Sales workers	31.2	28.5
Clerical	51.9	50.1
Craft	60.7	52.6
Operatives	56.7	58.9
Transport	45.6	33.8
Laborers	62.5	73.6
Farmers, farm managers	58.4	N/A
Farm laborers	54.1	47.9
Service workers	49.3	50.7
Private household workers	N/A	N/A
TOTAL	48.5	47.5

Source: Bureau of the Census, 1978 (calculated from statistics on mean earnings, constant 1976 dollars)

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THE STATUS OF WOMEN AND MINORITIES IN NONMETROPOLITAN AMERICA

Nancey Leigh-Preston

Introduction

Overall population growth associated with the rural "turnaround" or "renaissance" has been the focus of considerable national attention. Recent analyses of the Census Bureau demonstrate that nonmetropolitan counties grew more than 5% faster than metropolitan counties between 1970 and 1980 (Table 1).

Table 1

POPULATION CHANGE IN METROPOLITAN COUNTIES AND TYPES OF NONMETROPOLITAN SETTINGS: 1960-70 AND 1970-80

[SMSA/NECMA boundaries as of January 1, 1980 are used. Largest settlement size is for 1970]

Type of settlement	Percent change in population 1960-70	Percent change in population 1970-80	1980 population (000s)	Number of counties or county equivalents
United States	13.4	11.4	226,505	3,143
Metropolitan counties	17.1	10.0	165,994	678
Nonmetropolitan counties	3.9	15.4	60,511	2,465
Adjacent to a metropolitan area and with largest settlement of				
25,000 or more	10.9	12.2	5,610	65
10,000 to 24,999	9.0	17.8	12,467	216
2,500 to 9,999	3.5	17.0	13,236	529
Under 2,500	-0.8	19.8	3,157	292
Not adjacent to a metropolitan area and with largest settlement of				
25,000 or more	8.6	15.0	4,124	58
10,000 to 24,999	5.3	13.7	7,120	177
2,500 to 9,999	-2.1	13.1	10,255	552
Under 2,500	-4.2	14.6	4,543	576

Source: Larry Long and Diane Deare, "The Economic Base of Recent Population Growth in Nonmetropolitan Settings," Center for Demographic Studies, U.S. Bureau of the Census, Washington, D.C., January, 1982.

This represented a complete reversal from the previous decade when metro counties grew at a rate 13.2% faster than nonmetro counties. Some have speculated that the nonmetro growth was just a spillover from the metro areas. The recent data demonstrates that this is not the case. Nonmetro counties which are *not adjacent* to metro areas have had high growth rates during the last decade. Furthermore, the least populated, most isolated of these counties had some of the highest growth rates.

The entire U.S. population is affected in one way or another by the rural turnaround. The specific focus of this data presentation will be on the women and minority members of the nonmetro population. The examination will attempt to determine how the rural turnaround affects, or relates to, women and minorities' income, poverty status, educational achievements, employment levels and opportunities. It is a well-known fact that the women and minority segments of the national population are disproportionately represented among those persons classified as disadvantaged. Historically, more of the disadvantaged population is found in the nonmetro areas. This trend continues to the present as the data presented in the following sections demonstrates.

General Demographics of the Nonmetro Population

The pattern of population distribution by race and sex between the metropolitan and nonmetropolitan areas has remained relatively stable (Table 2).

Table 2

POPULATION BY SEX AND RACE, NONMETRO AND METRO AREA, 1960-1977

	Nonmetro			*Metro*		
	1960	*1970*	*1977*	*1960*	*1970*	*1977*
Population (000s)	66,310	62,761	69,459	112,367	137,058	143,107
% male	49.3	48.7	48.9	48.7	48.1	48.3
% female	50.7	51.3	51.1	51.3	51.9	51.7
% black	10.6	10.2	10.5	11.5	13.2	12.6
% white	89.4	89.8	89.5	88.5	86.8	85.4

Source: *Current Population Reports*, "Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1970 and 1977," p. 23, No. 75, November 1978, and "Social and Economic Characteristics of the Population in Metropolitan and Nonmetropolitan Areas: 1970 and 1960," p. 23, No. 37, June 1974.

Females are little over half of the population in both areas. Blacks are around 10% of the nonmetro population and around 13% of the metro population.

The majority of the black population is located in the southern region of the U.S. (53.7%). Furthermore, over 90% of the nonmetro black population is located in the South (Table 3B).

Age Distribution. Overall, the age profile of the U.S. population has been getting older. The female and the nonmetro segments are older than the population as a whole. Thus, it is not surprising to find that nonmetro females have the oldest median age (Table 4).

Changes in the distribution by age cohort of the nonmetro female population since the rural turnaround have resulted in a decline in the number of youngest females (0-17 years), while the number of females in their primary childbearing years (18-34 years) has been growing substantially. In addition, the number of elderly females is growing significantly (Table 5).

In contrast to females, the black population tends to be younger than the national average. Furthermore, the nonmetro black population is younger than the metro black population. Blacks in the youngest age group (under 5 years), grew almost 12.5% between 1970 and 1977. But the number of blacks between the ages of 5 and 24 years declined. The nonmetro black population age 25 years and over is growing in size, with the greatest increases occurring among blacks in the 25-34 year old cohort.

Poverty. Conditions of poverty have long been associated with rural America. The incidence of poverty in rural areas has greatly decreased over the last 2 or so decades from 33.2% in 1959 to 13.7% in 1979. However, improvements in poverty rates have not been in equal proportions for blacks and whites. Slightly over 11% of the white nonmetro population was below the poverty level in 1979 compared to almost 40% of the black population (Table 6).

The percentage of the nonmetro area population below the poverty level in 1959 was more than twice as large as that of the metro areas, (33.2% vs. 15.3%). By 1979 the rural poverty rate had closed to within three percentage points of the urban (13.7% vs.

Table 3A.

POPULATION BY RACE, REGION, METRO AND NONMETRO AREA, 1977

	Total	North East	North Central	West	South
White	184,335	43,821	51,761	34,068	54,685
Metro	122,177	33,191	32,589	26,219	30,179
Nonmetro	62,158	10,630	19,172	7,849	24,507
Black	24,474	4,177	5,002	2,144	13,151
Metro	18,048	4,020	4,624	2,077	7,328
Nonmetro	6,427	157	378	67	5,825

Table 3B

PERCENT DISTRIBUTION OF BLACKS BY REGION, METRO AND NONMETRO AREA

	Total	Metro	Non-Metro
Total	100.0%	100.0%	100.0%
Northeast	17.1%	22.3%	2.4%
North Central	20.4%	25.6%	5.9%
West	8.8%	11.5%	1.0%
South	53.7%	40.6%	90.6%

Source: See Table 2.

Table 4

PERCENT DISTRIBUTION OF POPULATION BY AGE, METRO AND NONMETRO, WOMEN AND BLACKS, 1977

	Metro			Nonmetro		
	Total	Women	Blacks	Total	Women	Blacks
All ages	100%	100%	100%	100%	100%	100%
Under 5	7.1	6.7	9.5	7.4	7.0	9.6
5 to 17	22.7	21.5	28.4	23.8	22.9	30.5
18 to 24	13.2	13.2	14.0	12.3	12.0	13.3
25 to 34	15.7	15.5	14.3	14.1	13.9	12.7
35 to 44	11.0	11.0	10.8	10.5	10.6	8.0
45 to 64	20.6	20.8	16.3	20.0	20.4	16.2
65 and over	9.7	11.2	6.8	11.9	13.3	9.7
Median age	29.5	30.5	24.1	29.6	30.9	23.2
Total Number (in thousands)	143,107	73,968	18,048	69,459	35,516	6,427

Source: See Table 2

Table 5

CHANGE IN FEMALE AND BLACK NONMETRO POPULATION
BY AGE COHORT (000s)

	Change 1970-77					
	Total		*Female*		*Black*	
	#	%	#	%	#	%
Under 5 years	-213	-4.01	-123	-4.72	713	12.48
5 to 17 years	-571	-3.33	-293	-3.48	-16	-2.54
18 to 24 years	1847	27.57	736	20.92	-44	-2.20
25 to 34 years	2674	37.68	1287	35.31	247	40.63
35 to 44 years	635	9.50	314	9.09	16	3.2
45 to 64 years	963	7.46	508	7.54	95	10.07
65 years +	1363	19.78	899	23.58	104	19.92

Source: See Table 2.

Table 6

PERCENT OF POPULATION BELOW POVERTY LEVEL
1959 - 1979

	Nonmetro			*Metro*		
	1959	*1969*	*1979*	*1959*	*1969*	*1979*
All Races	33.2	17.9	13.7	15.3	9.5	10.7
White	28.2	14.1	11.2	12.0	7.4	7.8
Black	77.7	54.3	39.5	42.8	24.5	28.3

Source: *Current Population Reports*, series p-60, no. 130, "Characteristics of the Population Below the Poverty Level: 1979," U.S. Department of Commerce, Bureau of the Census.

10.7%). For blacks, however, this trend towards equalization between the status of metro and nonmetro residents has not been as evident. In 1979, the black nonmetro portion of the population in poverty was more than 11 percentage points higher than the black metro population (39.5% vs. 28.3%).

Although current complete poverty data on women is not available, we do know that more women in the nonmetro area between the ages of 15-44 years are below the poverty level than in the metro areas (Table 7).

Education. The U.S. population is becoming more educated, and this is reflected in the data on education levels for both the metro and nonmetro populations. Metro residents have historically had higher education levels than nonmetro residents. During the 1970s, the metro population was becoming even more educated relative to the nonmetro population (Table 8). This intensified difference between metro and nonmetro education levels occurred, it should be recalled, at the same time that the metro population had begun to migrate to the nonmetro areas. In 1970, 9.3% more metro than nonmetro residents were high school graduates. By 1977, this difference increased to 9.8%. The difference between the percentage of metro and nonmetro residents with college educations increased even more sharply during the seven year period.

The difference between the metro and nonmetro portions of the female population with high school degrees is not as great as that for the total populations of the two areas. In 1977, 67.1% of the female metro population compared to 58.6% of the

Table 7

WOMEN BELOW THE POVERTY LEVEL AGED 15-44 YEARS
1979 (000s)

	Nonmetro			*Metro*		
	All	*White*	*Black*	*All*	*White*	*Black*
All Women	15360	14079	1281	34801	29655	5146
Women Below Poverty Level						
Number	1812	1390	482	3904	2325	1479
Percentage	12.2	9.9	37.6	10.93	7.8	28.7

Source: See Table 6.

Table 8

YEARS OF SCHOOL COMPLETED - PERSONS 25 YEARS AND OVER,
BY TOTAL, FEMALE AND BLACKS, 1970 and 1977

	1970			*1977*		
	Metro	Non-metro	Dif. betw. m & nm	Metro	Non metro	Dif.betw. m & nm
Total Population						
% high school graduates	55.7	46.4	9.3	68.1	58.3	9.8
% with college education of						
1-3 years	11.5	9.1	2.4	14.7	10.9	3.8
4 years	6.8	4.7	2.1	10.1	6.8	3.3
5 or more years	5.3	3.2	2.1	7.3	4.4	2.9
Females						
% high school graduates	55.7	47.9	7.8	67.1	58.6	8.5
% with college education of						
1-3 years	11.2	9.8	1.4	13.6	10.9	2.7
4 years	5.8	4.6	1.2	8.3	6.5	1.8
5 or more years	3.1	2.0	1.1	4.6	3.0	1.6
Blacks						
% high school graduates	35.6	18.4	17.2	50.4	31.1	19.3
% with college education of						
1-3 years	7.0	2.9	4.1	11.2	5.7	5.5
4 years	2.8	2.1	.7	4.9	3.1	1.8
5 or more years	2.0	1.2	.8	3.3	1.2	2.1

Source: See Table 2

female nonmetro population were high school graduates (a difference of 8.5%). Although a higher percentage of nonmetro females have high school degrees than the nonmetro population as a whole, a higher percentage of the total population in metro areas has high school degrees than the female population.

The greatest differences between the achieved education levels of the metro and nonmetro population occurs among blacks. In 1970, over 17% more metro than nonmetro blacks were high school graduates. By 1977, this difference increased to 19.3%. Furthermore, the percentage of nonmetro blacks with high school degrees was substantially less than that for the total nonmetro population (-27.2%).

Income Levels. The 1979 median income of $16,975 for all families in nonmetro areas was less than 81% of that for the metro areas. The nonmetro black family's median income ($9,267) was less than 55% of the overall nonmetro median income. The nonmetro female-headed family's income was an even lower percentage of the median nonmetro figure, 52% or $8,919. Black female-headed families' median income

was the lowest in the nonmetro area. At $5,754, this figure represents only 34% of the nonmetro median income (Table 9).

Table 9

TOTAL MONEY INCOME, 1979

	Nonmetro	*Metro*	*Total*
All families (000)	19,377	39,049	58,426
median income	($)16,975	21,074	19,661
Female-headed (000)2,236	6,304	8,540	
median income ($)	8,919	10,331	9,927
White families (000)	17,838	33,551	51,389
median income ($)	17,551	22,079	20,502
White female-headed families (000)	1,736	4,226	5,963
median income ($)	10,100	12,087	11,452
Black families (000)	1,316	4,726	6,042
median income ($)	9,267	12,350	11,644
Black female-headed families (000)	460	1,969	2,429
median income ($)	5,754	7,233	6,906

Source: *Current Population Reports*, "Consumer Income," series p. 60, No. 129, U.S. Department of Commerce, Bureau of the Census, 1981.

The mean earnings of nonmetro whites are higher than blacks, with the greatest differences in earnings occurring between white and black males. The difference between nonmetro white and black males' earnings increases with higher education levels. The reverse trend is true for black and white females in nonmetro areas. To compare with the metro area, the trend in increased earnings gap between nonmetro black and white males follows the same pattern for metro black and white males and females. Thus, only for nonmetro females does the increase in levels of education achieved seem to lessen the earning inequalities between blacks and whites (Table 10).

Employment

Basic Labor Force Measures. During the 1970s, nonmetro minorities and whites increased their employment and unemployment as a result of overall increases in the nonmetro population. Nonmetro minorities, however, showed no growth in their labor force participation rate (LFPR). In fact, the minority LFPR in the nonmetro area declined during the 1970s which was opposite of the trend for metro and nonmetro whites and females, and for metro minorities (Tables 11, 12 and 14).

It is well known that the female labor force in the metro and nonmetro areas has been increasing at substantial rates over the last two or so decades. Metro women continue to have higher LFPRs than nonmetro women. However, nonmetro women's LFPRs have been increasing faster than metro women's (Table 12). The largest increases in nonmetro women have been among women of primary childbearing ages. While the LFPR for all nonmetro women increased almost 18% between 1960 and 1978, it increased approximately 28% for women in the 18 to 24 and 25 to 34 year age groups (see Teal, 1981).

When increases in women's LFPR are examined by size of nonmetro area, it is found that women in the least populated, or most rural, nonmetro areas have the largest gains. Paradoxically, while mean annual earnings -- adjusted for inflation -- for *all* females in both metro and nonmetro areas have declined, the greatest declines (-2.6%) have occurred for women in the smallest populated counties with the greatest LFPR increases (Table 13).

Table 10

MEAN EARNINGS OF NONMETROPOLITAN AND NONMETROPOLITAN RESIDENTS, 25 YEARS OLD AND MORE, BY YEARS OF SCHOOL COMPLETED, SEX AND RACE, 1977

	NONMETROPOLITAN					
Years of School Completed	MALE			FEMALE		
	Black	*White*	*Difference*	*Black*	*White*	*Difference*
TOTAL	$6,438	11,701	5,263	3,908	5,035	1,067
Elementary						
<8	4,580	6,541	-1,961	2,225	3,131	-906
8	5,845	7,911	-2,066	2,684	3,661	-977
High School						
1-3	6,251	9,831	-3,580	3,144	4,068	-924
4	7,778	11,981	-4,203	4,728	4,998	-272
	METROPOLITAN					
TOTAL	10,046	15,287	-5,241	6,418	6,393	-25
Elementary						
<8	7,340	8,433	-1,093	3,365	3,688	-323
8	8,762	10,677	-1,915	4,354	4,205	-149
High School						
1-3	9,036	11,860	-2,824	4,471	4,711	-24[illegible]
4	10,001	13,994	-3,993	6,643	6,016	627

Source: Same as Table 2.

Unemployment rates for all groups have been increasing since the 1970s. Nonmetro unemployment rates have historically been higher than metro rates, and some analyses suggest that these higher rates actually understate the full extent of nonmetro unemployment (due to an urban bias in the measures used, see Nilsen, 1979). The most recent unemployment figures (1981) confirm that nonmetro rates continue to be higher than metro rates. Furthermore, black unemployment rates are more than twice as high as those of all whites, or, of all females in the nonmetro (and metro) areas (Table 14).

Nonmetro Employment Distribution by Industry. Women are found in largest numbers in the industries of: services, trade, nondurable and durable manufacturing. However, next to mining -- in which the numbers of women employed actually decreased -- female employment grew slowest in the manufacturing industries between 1970 and 1977 (Table 15). The construction industry had the greatest percentage increase in female employment -- all of which occurred in the clerical and salesworker occupations (see *Current Population Report*, p. 23, No. 75, 1978). The second and third largest percentage increases in female employment occurred in the FIRE (finance, insurance, and real estate) and t' . service industries.

Women's employment by industry is highly concentrated. Three industries alone employ more than 77% of the female nonmetro labor force. Two of these industries together employ almost 65% of the female labor force: services (43%) and trade (21.6%). The percentage of females employed in the third largest industry is considerably less -- 13%. In contrast, male employment among industry sectors is far more evenly distributed. Six industries employ 10% or more of the male labor force, and combined, they employ 82% of the male nonmetro labor force.

Table 11

SELECTED LABOR FORCE MEASURES FOR ADULTS BY RACIAL GROUP, ANNUAL AVERAGES, 1973 AND 1979 (%)

Year	*Labor Force Participation Rate*		*Proportion of Population Employed*		*Unemployment Rate*	
	White	Black, Other Minorities	White	Black, Other Minorities	White	Black, Other Minorities
United States:						
1973	70.3	70.3	67.9	65.3	3.5	7.0
1974	71.0	70.0	68.1	64.6	4.1	7.6
1975	71.4	69.3	66.5	61.2	6.7	11.7
1976	71.9	69.9	67.6	62.2	6.0	9.0
1977	72.7	70.6	68.8	62.9	5.3	10.9
1978	73.5	72.2	70.4	65.2	4.3	9.7
1979	74.4	72.3	71.3	65.6	4.2	9.3
Nonmetro:						
1973	69.9	70.8	67.6	66.0	3.3	6.8
1974	70.1	70.6	67.4	65.0	3.9	7.9
1975	70.2	69.2	65.6	60.9	6.6	12.1
1976	70.8	69.2	66.8	61.8	5.6	10.6
1977	71.9	70.0	68.2	63.0	5.1	10.0
1978	72.7	70.9	69.4	64.5	4.5	9.1
1979	73.0	69.5	69.9	63.1	4.3	9.1
Metro:						
1973	70.6	70.1	68.0	65.2	3.6	7.1
1974	71.5	69.8	68.5	64.5	4.2	7.6
1975	71.9	69.3	67.0	61.3	6.8	11.7
1976	72.5	70.1	68.0	62.2	6.1	11.2
1977	73.1	70.7	69.2	62.8	5.4	11.2
1978	74.0	72.5	70.8	65.4	4.3	9.9
1979	75.1	73.1	72.0	66.2	4.1	9.4

Source: *Rural Development Research Report*, No. 33, "The Nonmetro Labor Force in the Seventies," James D. Schaub, USDA, Economic Research Service, November 1981.

Table 12

PERCENT WORKING AGE WOMEN IN LABOR FORCE

	1960	*1970*	*1978**	*Change 1960-1978*
Nonmetro	30.3	36.0	48.0	17.7%
Metro	36.2	40.8	51.0	14.8%

*16 years and over women in 1978; 14 years and over for earlier years.

Source 'Women in the Rural Economy, Employment and Self Employment," Ptarmigan Teal, February 1980.

Table 13

MEDIAN FAMILY INCOME, MEAN EARNINGS PER WORKER, AND LABOR FORCE PARTICIPATION RATES, BY SEX, SIZE OF METROPOLITAN AREA, AND TYPE OF NONMETROPOLITAN LOCATION: 1980 AND PERCENT CHANGE FROM 1970 TO 1980

[SMSA boundaries and population size are as of 1970]

Type of Residence	Median Annual Family Income	Mean Annual Earnings per Worker Earnings		Labor Force Participation Rates	
		Male	Female	Male	Female
ABSOLUTE VALUES, MARCH 1980					
Total metropolitan territory	$21,074	$17,200	$8,360	78.0	52.4
Total nonmetropolitan territory	$16,975	$14,279	$6,668	74.9	48.3
Size of place:					
Metropolitan areas:					
1,000,000 or greater population	$22,096	$18,028	$8,847	78.0	52.6
Under 1,000,000 population	$19,870	$16,082	$7,696	78.0	52.2
Nonmetropolitan counties:					
Largest place of 25,000 or more population	$18,400	$15,294	$7,243	77.5	52.9
Largest place of 2,500 to 24,999 population	$16,441	$14,191	$6,501	74.8	46.9
Largest place of under 2,500 population	$14,791	$12,575	$6,119	70.7	45.4
PERCENT CHANGE, 1970 TO 1980*					
Total metropolitan territory	3.0	-5.8	-1.3	-1.1	21.3
Total nonmetropolitan territory	11.6	2.2	-1.6	1.8	25.1
Size of place:					
Metropolitan areas:					
1 000,000 or greater population	2.9	-6.6	-1.5	-1.6	20.9
Under 1,000,000 population	3.9	-4.2	-0.5	-0.5	22.0
Nonmetropolitan counties:					
Largest place of 25,000 or more population	3.5	-3.2	-0.0	1.7	27.5
Largest place of 2,500 to 24,999 population	11.0	4.3	-2.1	2.2	22.1
Largest place of under 2,500 population	19.1	6.1	-2.6	1.0	37.2

*Incomes and earnings data were adjusted for changes in the Consumer Price Index.

Source: See Table 1.

During the 1970s, employment of minorities grew by more than 50% in four industries: FIRE, mining, government, and TCU (transportation, communications, and utilities). Furthermore, it grew by more than 30% in two additional industries: trade and services (Table 16).

Nonmetro Employment Distribution by Occupation. The majority of the nonmetro minority labor force is employed in blue-collar occupations while the reverse is tr[illegible] for whites. The largest amount of minority employment is found in the operative category (26,300). The serviceworker category employs the next largest number of minorities (19,300), followed by the nonfarm laborer category (11,100) (Table 17).

Nonmetro minority employment in white collar occupations grew over 50% between 1973 and 1979. This growth resulted in 21,100 minorities having white collar jobs of which the largest number were clerical.

Table 14

BASIC LABOR FORCE MEASURES -- 1981*

Labor Force Participation Rate	*Females*	*Males*	*Black & Others*	*White*
Nonmetro	49.5	76.8	58.3	62.1
Metro	53.3	80.0	62.2	65.3
Unemployment Rate				
Nonmetro	7.3	6.4	14.7	7.3
Metro	6.6	6.3	14.0	6.4

*For age 20 years and older.

Source: U.S. DOL, Bureau of Labor Statistics, *Employment and Earnings*, March, 1982

Table 15

DISTRIBUTION OF NONMETRO EMPLOYMENT
BY INDUSTRY AND SEX, 1977, AND CHANGE SINCE 1970

	1977				*Percent*	
	Number (000)		*Percent*		*Change Since 1970*	
Industry Group	*Female*	*Male*	*Female*	*Male*	*Female*	*Male*
Agriculture, forestry and fisheries	287	1893	2.6	11.4	52.7	3.7
Mining	14	407	.1	2.5	-17.7	16.0
Construction	108	1733	1.0	10.5	64.6	18.5
Durable Mfg.	797	2683	7.3	16.2	21.1	12.6
Nondurable Mfg.	1430	1828	13.0	11.0	15.5	15.8
TCU[1]	318	1264	2.9	7.6	37.7	21.2
Trade	2370	2888	21.6	17.4	40.6	21.7
FIRE[2]	521	441	4.8	2.7	60.3	27.5
Services	4720	2589	43.0	15.6	41.4	30.8
Public Adm.	402	844	3.7	5.1	37.7	21.1
TOTAL	10967	16570	100	100	36.5	17.5

1. Transportation, Communications and Utilities.
2. Finance, Insurance and Real Estate.

Source: See Table 2.

The majority of the female nonmetro labor force is employed in white collar occupations (55,000). Over 29,000 of these jobs are clerical. The second largest female occupational category -- serviceworker -- employs 20,000 of the female nonmetro labor force. The occupational distribution for nonmetro males significantly differs from that of females. The majority of nonmetro males are blue collar workers in craftsworker or operative jobs. The white collar occupational category -- manager and administrator -- is the third largest employer of nonmetro males.

Female employment in white collar jobs grew almost 33% compared to 10% for blue collar jobs in the mid-to-late 1970s. The highest white collar growth occurred in the non-teaching professional and technical positions for females. But even so, there were more than 3.5 clerical workers for every female employed in a professional position. Female job growth in the blue collar occupations of craftsworker and laborer also occurred at very high rates (62.3% and 77.6%, respectively). However, in absolute size, these two occupations employed only 3.6 thousand of the nonmetro female labor force.

Table 16

DISTRIBUTION OF NONMETRO INDUSTRY EMPLOYMENT BY RACE
1979 AND CHANGE FROM 1973

	1979 # (000)		1979 %		% Change 1973-1979	
Industry Group	Minority	White	Minority	White	Minority	White
Wage & salary workers	2181	23516	94.3	85.2	17.1	16.6
Agriculture	151	735	6.5	2.7	-7.4	6.2
Mining	14	488	.6	1.8	55.6	35.2
Construction	122	1383	5.3	5.0	-3.9	10.0
Durable Mfg.	311	3377	13.4	12.2	11.5	6.3
Nondurable Mfg.	356	2733	15.4	9.9	9.2	2.8
TCU[1]	89	1316	3.9	4.8	50.8	21.0
Trade	252	4528	10.9	16.4	34.8	17.6
FIRE[2]	29	959	1.3	3.5	61.1	24.2
Pvt. Hshd. Workers	132	344	5.7	1.3	-31.1	-10.9
Services	235	3111	10.2	11.3	33.5	40.0
Govt. Workers	489	4544	21.1	16.5	50.9	20.4
Self employed	123	3638	5.3	13.2	-2.4	9.0
Agriculture	35	1200	1.5	4.4	-36.4	-12.5
Nonagriculture	88	2439	3.8	8.8	23.9	24.1
TOTAL	2314	27602	100	100	15.3	14.6

1. Transportation, Communications and Utilities.
2. Finance, Insurance and Real Estate.

Source: See Table 11.

Table 17

NONMETRO OCCUPATIONAL EMPLOYMENT BY RACE AND SEX
1979 AND CHANGE FROM 1973

	(000) 1979		% Change 73-79		(000) 1979		% Change 73-79	
Occupation	Minority	White	Minority	White	Male	Female	Male	Female
White collar	21.2	43.1	55.9	24.4	32.2	55.0	17.8	32.9
Prof. & Tech.								
Teachers	3.5	3.5	35.0	12.8	1.8	5.9	21.0	11.7
Nonteaching	4.8	9.2	79.0	42.3	9.5	8.0	33.9	62.8
Managers & administrators	3.4	10.1	39.3	19.1	12.2	5.8	13.5	44.2
Salesworkers	1.9	5.6	43.3	11.3	4.6	6.2	10.3	14.2
Clerical	7.6	14.8	65.4	27.0	4.2	29.1	7.4	33.7
Blue collar	47.1	37.1	10.2	9.3	50.9	18.5	9.2	10.0
Craft workers	9.7	14.9	33.1	17.0	23.0	2.0	15.9	62.3
Operatives	26.3	16.9	12.4	1.2	19.5	14.9	2.8	1.6
Nonfarm laborers	11.1	5.1	-7.9	17.7	8.3	1.6	7.9	77.6
Service workers	19.3	11.6	37.2	24.6	7.0	20.0	24.2	26.9
Pvt. hshd. workers	5.2	1.1	-29.0	-12.0	N/A	3.5	-28.6	-17.6
Farmworkers	7.3	7.1	-20.0	-12.5	9.8	3.0	-14.0	-8.7
TOTAL	2,314	27,602	15.3	14.6	17,602	12,055	9.8	22.7

Source: See Table 11.

Conclusions

The following summarizes what appear to be the most significant developments affecting nonmetro women and minorities.

Nonmetro Women. The nonmetro LFPRs of women have increased phenomenally over the last decade and at a rate higher than that of metro females. Still, metro female LFPRs are higher than nonmetro females. The greatest increases in nonmetro female LFPRs have occurred among women living in the most rural counties. Mean annual earnings for both metro and nonmetro women have actually declined in the last decade. Nonmetro female earnings have declined more than those of metro females. Furthermore, the greatest declines in nonmetro female earnings have occurred in the same, most rural counties that have experienced the greatest increases in female LFPR.

Nonmetro female employment is highly concentrated in two industries -- services and trade -- and in two occupations -- clerical and serviceworker. These are industries and occupations which typically pay lower than average wages.

The greatest growth in the nonmetro female population is occurring among women of childbearing ages. The greatest growth in the female labor force of the nonmetro area is made up of these same women.

The growth in population and jobs associated with the rural turnaround appears to have provided increased employment opportunities for women but these opportunities are primarily limited to a narrow range of industries and occupations. Finally, the returns to the women who are taking these jobs may be significantly less than for other segments of the population because of lower and declining earnings.

Nonmetro Minorities. Nonmetro minorities continue to be the most disadvantaged segment of the population. Almost 40% of nonmetro blacks live in poverty, a figure which is 11% higher than that for metro blacks. Nonmetro blacks have the lowest education levels -- which are decreasing even relative to metro blacks.

Black females have lowest incomes. But for black males the returns to education in terms of earnings when compared to white males actually decrease as they increase their levels of education. While all blacks' rates of unemployment are substantially higher than that of the total population, nonmetro blacks' are highest. Government and manufacturing are the largest employers of blacks in the nonmetro areas. The majority of blacks work in blue collar, operative occupations and in serviceworker jobs.

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VERMONT CASE STUDY

Ted K. Bradshaw

Context: Regional and Substate Characteristics

Vermont is one of the nation's smallest and most rural states, ranking 43rd (of 50 states) in land area, 48th in population and one of only two states entirely "nonmetropolitan" by pre-1980 classifications. In 1980 only eight Vermont cities (cities near and including Burlington, Rutland, Bennington, Brattleburo, and Springfield) had a population of over 10,000, and cumulatively these cities included only 25% of the state's population. There are a number of other population centers such as Montpelier-Barre, St. Albans, and St. Johnsbury, but the small dispersed town is the typical Vermont residential community.

Table 1

VERMONT POPULATION CHANGE 1940 - 1980

	Total Population	*Absolute Change in Decade*	*% Change in Decade*
1930	359,910		
1940	359,231	- 679	- 0.2
1950	377,747	18,316	5.2
1960	389,881	12,134	3.2
1970	444,732	54,851	14.1
1980	511,456	66,724	15.0

Source: U.S. Bureau of Census, reported in Frederick E. Schmidt, *Vermont State Data Center Newsletter*, September 1981.

Vermont's population grew by 15% during the 1970s, just slightly below the overall U.S. nonmetropolitan rate of 15.4%; however its rate of growth was above that of the nonmetro northeast as a whole. From 1940 to 1960 Vermont's population remained roughly static, with virtually all the natural population increase (births in excess of deaths) being balanced by out-migration. The population turnaround began during the 1960s in Vermont, with a 14.1% increase during that decade and a positive net migration of about 15,000 persons. Unlike the other states we studied, there has been no analysis of the newcomers to Vermont during these years; what we know is that the migrant stream brought in more 30-34 year olds than other age groups, and that the retiree is not as significant in Vermont as in other states. There are very few native Americans or racial minorities in the state; French Canadians are the major disadvantaged group.

The change is occurring in different parts of the state at different rates. The Green Mountains run the length of the state, d...ding the population into concentrations along the state's eastern and western edges. In the central mountainous section tourism and recreation are major employers, including major ski areas serving the Boston and New York regions. In the southern part of the state, with the major cities of Bennington, Brattleburo, and Springfield, the economy is dominated by machine tool industries with a highly skilled, but traditional manufacturing base. The largest amount of growth has occurred in the Burlington-Montpelier axis, in the northwest part of the state along Lake Champlain. This is the most urbanized and affluent part of the state. The state's largest employers include the University of Vermont and the Vermont Medical Center in Burlington, the IBM and General Electric plants outside

Burlington, and the state government in Montpelier. Montpelier also has a major insurance company and in neighboring Barre new manufacturing companies are replacing declines in the granite cutting industry which has previously been strong. The northern half of the state, outside the Burlington and Montpelier areas, faces a great deal of economic stagnation. The Northeast Kingdom, as the three northeastern counties bordering Canada and New Hampshire are called, is the most severely depressed section of the state. Its economy was based on lumber and furniture, both of which have severely declined. Nonetheless, these counties have had above average rates of population growth since 1970, stimulated by the completion of a north-south interstate highway connecting Boston and Quebec City. Some Canadian investment has occurred in the area, mostly as an access for Canadian firms to the U.S. market, but also partly as a buffer for the political uncertainty of Quebec's separatist movement.

Industry and Employment

Vermont is presently a *non*-manufacturing state, although historically it has had sizable textile, lumber, furniture, and metal fabrications industries. As with the national economy, however, manufacturing has given way to services. The fastest growth of any sector from 1970 to 1980 has been in services where employment increased 55.1% as compared to the overall state increase of 35.1%. In 1980 services constituted 22.0% of the total workforce, reflecting the large tourist industry in the state, the strength of colleges and other educational institutions, and the excellent health facilities in the state. Government employment totalled 18.4% of the workforce and increased by 40.3% during the decade, although tight governmental budgets are reducing this employment to some degree. Trade is another major employer which has seen some expansion, now totaling about 20.4% of the workforce.

Table 2

VERMONT NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT 1970 - 1980

	% Employment		*% Change*
	1970	*1980*	*1970-80*
Mining	0.7	0.4	- 30.0
Construction	6.8	5.0	- 1.0
Manufacturing	27.4	25.3	24.9
Transportation & Public Utility	5.4	4.4	10.1
Trade	19.1	20.4	44.5
Finance/Insur/Real Estate	3.7	4.1	47.3
Service	19.2	22.1	55.1
Government	17.7	18.4	40.3
Tot . Employment	147,850	199,700	35.1

Source: Vermont Department of Employment and Training, *1981 Annual Planning Information*, June 1981.

The service industry is the largest employer in Vermont, and is growing the fastest. During 1980 employment of nonfarm workers in service producing jobs

averaged 70% of the workforce. Personal and professional services led this category with 22% of the workforce, of which 3.6% worked in hotels, motels, camps, etc., and 7.1% worked in health services. Other professional services such as lawyers and accountants and personal services such as eating and drinking establishments constitute the rest of the service category. Government employs 18.4% of the workforce, of which nearly 3% are at state colleges and universities. Trade employs 20.4% of the state's workforce. The growth rates for the service sector jobs from 1970-1980 were much higher than the 24.9% growth registered by manufacturing. Personal and professional services grew at a rate of 55.1%; finance, insurance, and real estate grew 47.3%; trade grew 44.5%; and government grew 40.3%.

Agricultural employment data are hard to get for Vermont. It was estimated by the Employment Statistics Division that full-time Vermont farm employment not counted elsewhere in the statistics is about 5% of the total labor force. The Census of Agriculture estimated that Vermont had about 4,000 farm operators whose principal occupation was farming, about 2% of the workforce. The balance are other farm workers. However, there are many more farmers with outside income, though we don't have a good count of them. Unlike many parts of the nation, the number of small farms has increased in Vermont during the 1970s. Concern is expressed in Vermont for the number of farms being purchased by foreign and urban U.S. investors who are not experienced farmers.

The twin pillars of Vermont's manufacturing economy are electronics and machine tools. Electronics is new to Vermont and is largely in the state because of large outside national and international firms. We have no evidence of more than a couple of small spinoff electronics manufacturing firms being created in Vermont, although a few computer service firms have located in the state. One of the acknowledged success stories of Vermont economic development is the attraction of high technology electronics into the Burlington area. The Greater Burlington Improvement Corporation (GBIC), a local development corporation, was the first in the state to actively start programs of attracting industry into the state. It developed industrial parks as a means of doing this, including some large ones. Because of a lucky confluence of events, IBM established a plant in a GBIC industrial park in 1970 and today it employs 8,000 persons, most of them locally hired and relatively highly skilled. Although a major concern has been attracting high skilled technical persons into the plant, IBM now reports that its major problem is getting its skilled workforce to relocate elsewhere to meet company personnel needs. A number of other electronics plants such as Digital have come into the area although it is unclear how many of these are assembly plants requiring low skills. An example of the assembly operations not being linked to a significant number of technical jobs is a case we were told about which concerns a firm locating in Brattleboro. Before the plant actually opened the town felt it would get a significant number of well paying jobs; yet the available work in assembly paid poorly and was for women only. The better paid management jobs went to people the company moved in from out of state. Nonetheless, virtually every Vermont community looks to electronics to provide them with the economic base it has provided Burlington.

The machine tool industry is a traditional industry for Vermont, dating from the 1840s when the industry was created. Today more than 100 metalworking companies employ about 7,000 persons in firms ranging from very small shops with one to five persons to very large firms with 1,000 to 2,000 employees. Many of the major firms have recently been purchased by large national companies, leading to more specialized production, greater dependence on one market, and greater vulnerability to outside economic forces. This process of consolidation and outside ownership is illustrated by the following: Jones and Lamson, perhaps the oldest company in Springfield, is owned by the Waterbury Farrel Division of Textron, with head offices in Providence, R.I. The other two largest employers in the Springfield area are Bryants, which is

owned by Ex-Cell-O Corporation of Troy, Michigan and Fellows, which is owned by Earhart Industries of Farmington, Connecticut. Only a few major companies remain locally owned. The industry is growing however, and faces a shortage of skilled machinists, who will be trained by a joint state/industry "Precision Skills Institute."

Expansion of existing firms rather than new plant locations from outside the state are the key to Vermont's growth. A recent study by the Agency of Development and Community Affairs estimated that 77% of all Vermont's net employment growth in manufacturing came from plant expansions, not new locations. Over half of Vermont's manufacturing employment is in plants of less than 20 persons, and 88% is in plants of less than 100. The persistent expansion of small plants is the core feature of the Vermont economic growth in manufacturing, although these small plants are not necessarily in the traditional high wage sectors.

Vermont has a labor force that is nearly half white collar (49.5%) and heavy with professional, technical, and managerial workers. This occupational category has nearly three of every ten workers (28.9%) with most of these in machinery (such as electronics), government, and health, education, and professional service industries. Sales and clerical categories include about 20% of Vermont workers; craft and operative (14.2%) occupations include another three out of ten employed persons. Those remaining are service workers (15%) farmers (13.7%) and laborers (8.4%). On the whole, Vermont has a well educated and highly skilled workforce, similar to much of New England. (1976 Survey of Income and Education)

An interesting feature of Vermont's economy is its large number of innovative small firms. Enertech, the nation's dominant firm making small wind energy systems is located in Norwich. The Garden Way Company is one of the country's largest mail order garden supply firms, and has been a leader in organic garden activities. The Vermont Casting wood stove is marketed nationally, and a number of growth market items have been developed in the state.

In conclusion, Vermont's economy is growing and has experienced unemployment rates about one percentage point below national levels. In manufacturing, hourly earnings lag the national average by over one dollar an hour ($6.62 vs. $7.79) although the Vermont manufacturing worker has more overtime than the national average. However, in the state's growth industries of machinery and electrical machinery the difference is less than $0.25 per hour, and Vermont wages exceed the rest of New England with but one exception in each industry. The state has a low unionization rate, 22.7%, compared to the U.S. average of 26.6% (1980). Women face difficult times finding adequate employment. Agriculture provides about a quarter of the state's personal income but is deeply tied to dairy price support programs. Rising energy prices, especially for heating, continue to strain the Vermonter's budget.

Structure and Policy

In 1979 the state of Vermont published an elaborate analysis and program recommendation for "Vermont's Economic Development Policies and Strategies," covering manufacturing, agriculture, travel, downtown revitalization and small business, job training, energy, transportation, natural resources, housing, taxes, and economic development planning. This plan has targeted efforts in Vermont in a number of areas with good success. For example, small business development has come under close attention and a small Business Development Center has been established which used the resources of the state, universities, private industry, and the federal government in assisting the many small businesses already operating in the state. For the most part these efforts have been educational, though some work has been done on other services such as funding. The Vermont Industrial Development Authority has used its low interest loans to aid a number of small business expansions, and the Job Start Program has helped low income Vermonters start businesses.

The most distinctive feature of the Vermont institutional organization is the lack of county governments to intervene between the state policy and the township. Vermont has 237 towns and 9 cities that are organized politically as the major units of local government. Along with nine other unorganized jurisdictions these towns and cities constitute the entire land area of the state. Some towns are further subdivided into villages, of which 54 are incorporated and 60 are not. The towns and cities fit into 14 counties, but the counties have only one administrative function -- running the judicial system -- and do not carry out other state and federal policy at the local level (Vermont Community Data Bank, 1979). Like other New England states, Vermont has a strong tradition of township control over public issues, and only reluctantly engages other organizations to manage programs of wider regional importance. Thus, one of the most surprising findings of our work in Vermont is that a number of organizational forms have become active in facilitating regional economic development. Usually these have been the EDA districts, of which there are six regional development districts. In a number of cases these have expanded into regional development corporations that have been leaders in facilitating regional economic development. In addition there are thirteen regional planning organizations (that only roughly follow county lines) charged with land use planning and coordination of localities. The success of these organizations seems directly related to the limited focus of their mission and the leadership they are able to develop locally.

One of the most successful of Vermont's recent organizational efforts is the 1970 Land Use and Development Law, commonly known as Act 250. This act set up certain state administered criteria that must be met by all public and private development beyond a certain size, including subdivisions of more than 10 units, and commercial and industrial property of more than one acre. If towns have local zoning and subdivision bylaws the local control extends the minimum acreage to 10 acres. The act created nine district environmental commissions, with appeal to the state environmental board, and ultimately to the courts. Although the state set up and administers the system, the local commissions, with three members each, make the decisions, with the state occasionally taking an advocacy position. There are ten criteria a project must meet for approval, mainly environmental protection factors and assurances that municipal services, traffic, and educational systems will not be unreasonably burdened. The developer has the responsibility to prove the ecological issue and the opposition can argue the issues of undue municipal burden. Most of the permit applications have been approved under Act 250, with only 2.5% being denied. However, another small percent were withdrawn. The majority reached a compromise whereby conditions were amended to the proposal to assure compliance with one or more of the ten criteria for approval (Healy and Rosenberg, 1979).

The overall level of organizational development in Vermont is low however, with the organizations in place being relatively new and generally lacking capacity to withstand the severe federal funding cuts recently announced. For example, the State Planning Office now has only three employees. Although our field work was done before the worst of these cuts were felt, considerable strain has been noted in the various organizations in Vermont. The New England Regional Commission in Boston was abolished and its leadership and assistance removed. The Southeast Vermont Community Action Agency (SEVCA) has been bringing resources into the Brattleboro area but is having to face hard cutbacks. Regional planning commissions, who get about 18% of their funds from federal sources, are having to shift to more state funding, and many of their functions are being reduced. Directors have complained that too much of their power is shifting from its local base to the state level, reducing the intermediating role they have played. Our interviews have pointed to the fact that the organizations in Vermont are in place but they are funded at a low level and lack

experience and sophistication so that they react to pressures from their localities and the state rather than being in a position to create any direct interventions for the economic development of the locality.

Policy Directions

The research conducted in Vermont has pointed to a number of directions for policy formulation that reflect the success of projects undertaken in the state or the need for intervention to fill development gaps.

- Enhance a more diversified local agricultural base with more emphasis on fruits and vegetables and expand efforts to market crops from small producers. Land leasing programs need support as much land is being purchased by newcomers. Forest management and harvest needs much improvement as it is an underutilized resource. Local organizations working on these programs need support and assistance. Land banking projects may prove to be effective in creating new potential for better resource utilization.
- Facilitate better use of rural industrial parks for integrated businesses. In places where interdependent industries are located these parks are successful. Develop assessment techniques to target potential businesses. Better industrial park management and planning is essential, and stronger links between facilities and programs for community economic development will need to be made.
- Continue support and development of small business, especially entrepreneurial ventures. Vermont is a state of small businesses and most of these could use major inputs of technical consultation. Loan guarantees and outreach are also essential. The Women in Business Program is particularly successful and needs to be continued and expanded.
- Tourism and recreation need further links. Already the tourism industry has expanded to include a more year-round operation with many resorts developing "four seasons" programs. Recreation equipment remains a significant potential for Vermont industry. Already ski manufacturers and other outdoor equipment producers are in state. Targets of opportunity need identification and development.
- Poverty needs to be reduced in the Northeast Kingdom and other poor areas of the state. Housing, energy conservation, and jobs are the greatest needs, and will probably require dynamic leadership and ample financing. A new freeway (Interstate 91) through the area will greatly assist these efforts.
- The capacity of multi-town jurisdictions needs improvement. With no county government, other jurisdictions need development, but there is resistance at both state and local levels. Organizational capacity needs to be greatly improved in several areas.

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NORTH CAROLINA CASE STUDY

Nancey Leigh-Preston

North Carolina is one of the country's most rural states, with the second highest number of rural residents of any state in the nation. Forty-seven percent of its population lives outside of its standard metropolitan statistical areas, in contrast to 31% for the South, and only 25% for the U.S. as a whole. The rurality of North Carolina is demonstrated by the fact that only one of its SMSAs -- Charlotte -- has more than 500,000 population. There are more than 450 small towns throughout the state -- a phenomenon which has led to its characterization as a "state of small towns." North Carolina is an ideal state in which to examine the process of rural development and resultant policy implications. The state's development has been greatly affected by two national trends: the rural turnaround and the migration of population and industry to the sunbelt.

The decade of the seventies saw an almost 16% increase in the population of North Carolina. Unlike many states in the nation, population in the urban and SMSA areas of the state grew at significantly higher rates than in the nonmetro areas. However, recent Census figures indicate that nonmetro counties grew by 15% from 1970 to 1980, reversing a loss of 9.9% during the 1960s. The state's nonmetropolitan population in 1970 was 47.6%, while in 1980 it was 47.3%.

Table 1

NORTH CAROLINA
METROPOLITAN AND NONMETROPOLITAN POPULATION
1960 - 1980

	Total (000)	*Change*		*Percent*	
	1960	*1970*	*1980*	*60-70*	*70-80*
Metropolitan	1,870	2,663	3,098	42.4	16.3
Nonmetropolitan	2,686	2,421	2,783	-9.9	15.0
Total	4,556	5,084	5,881	11.16	15.7

Source: *U.S. Statistical Abstract*, 1980 (for 1960 data); and, *1980 Census* (for 1970 and 1980 data). U.S. Department of Commerce, Bureau of the Census.

These reversing directions of migration have been highly significant components of change for the North Carolina population. The state experienced a net out migration of 94,000 between 1960 and 1970. This trend completely reversed itself between 1970 and 1979, and North Carolina experienced a net in-migration of 151,000 -- a figure which accounted for 29% of its growth (*U.S. Statistical Abstract*, 1980).

On the whole, it is whites who have been migrating into North Carolina. Between 1960 and 1970, there was a net migration of 81,000 whites to the state. During the same period, there was a net migration from the state of 175,000 blacks. While the in-migration rate of whites to North Carolina was lower than that for the South as a whole, the black rate of out-migration was higher. The next five years saw an additional net migration of 132,000 whites to the state. For the South the out-migration trend of blacks reversed itself between 1970 and 1975. In North Carolina, however, blacks were still leaving, although their number had declined to 4,000.

The precise reasons for continued black out-migration of North Carolina are, of course, not known. Blacks have historically left the Southern states in search of better opportunities and jobs. The decline in agricultural employment was a major factor necessitating their search for jobs elsewhere. That blacks are returning to the

South may indicate: 1) job opportunities in the places blacks had migrated to (i.e., the Northeast) have been declining, and/or, 2) job opportunities in the South are improving. Parallelly, that blacks are not returning to North Carolina may signify they do not perceive the state to have adequate job opportunities. It may also signify a perception on their part that the state is not as desirable to live in as other Southern states. The racial strife North Carolina experienced in the 1970s, a decade after most other southern states, may bear upon their perception.

Like most other rural states, North Carolina is not wealthy. In 1978, its per capita income was less than 85% of that of the U.S. Between 1970 and 1978, the state actually moved down in national per capita income rank, from 38th to 41st position. During the 1970s, the per capita income gap between North Carolina's metro and nonmetro areas narrowed by almost 6%. Although income in the nonmetro areas grew considerably faster, metro income was still 15% higher in 1976 (*State and Metropolitan Area Data Book*, 1979; and, *Balanced Growth in North Carolina: A Technical Appendix*, 1979).

Per capita income is one indicator which demonstrates that the wealth and growth in North Carolina has historically not been distributed evenly. Other indicators will be discussed and will show that recent developments have done little to counter the uneven pattern of growth found within the state.

North Carolina has a diverse geography within which its development process occurs. Several distinct rural characters have emerged out of the state's landscape. To some extent, these coincide with the three geographic regions the state is traditionally divided into: the Coastal Plains, the Piedmont, and the Mountains.

The Coastal Plain region, as its name implies, encompasses North Carolina's Atlantic coastline. This region is characterized by persistent underdevelopment (Adams and Dyer, 1981). Two lines of analysis have traditionally been offered to explain the region's underdevelopment. One focuses on the lack of infrastructure in the region (e.g., good highway systems). The other focuses on human and cultural deficiencies (e.g., low education levels and poor school systems). Recently, citizens within the region have focused on other possible reasons for continued underdevelopment such as the fact that much of the ownership and control of the region's land, industry and jobs lies outside of the region (Adams and Dyer, 1981).

The region is, in many ways, still agrarian based, and most of the state's farming is conducted here. Increasingly, in recent years, there has been a trend away from small family held farms to takeovers by huge agribusiness operations, almost all of which are owned by outsiders (Adams and Dyer, 1981). The majority of the state's black population lives in the Coastal Plain. In fact, the area is part of the impoverished "Black Belt" region which stretches across the South from Virginia to Louisiana. A large portion of the small farms in the region have been owned by blacks. This proportion has been declining at an alarming rate in recent years. In fact, the number of black farmers has declined 79% since the early 1950s (Adams and Dyer, 1981). Concern over this trend has led to the formation of the Black Land Loss Project, headquartered out of North Carolina's A & T University.

Much of the growth which has come to the Coastal Plains region has taken the form of recreational development. Up and down the coastline, one can find small resort towns with significant amounts of tourist and second home development. A number of military operations exist within the region as well, taking advantage of its strategic location. The region has a much lower percentage of manufacturing jobs than the rest of the state. These jobs are predominantly in low wage, labor intensive industries. The job opportunities in the region are bleak. Long periods of unemployment are experienced by the region's workers. In the northeast, there is a substantial amount of long distance commuting by workers to jobs in the state of Virginia.

The central part of the state, the Piedmont region, is the most urbanized and most economically prosperous. It contains all but three of of the state's SMSAs. The

region is the recipient of the largest portion of the state's development activity -- industrial and cultural. Located among its rolling hills are the state's capitol -- Raleigh -- and the three major university campuses of the state. Accompanying this educational activity is a substantial amount of research activity, much of it taking place in the state's showpiece -- the Research Triangle Park.

The Mountain region has a culture strongly influenced by Appalachia. This culture is predominantly white, and a substantial portion is low-income. The conditions of poverty found in the Black Belt can be found here as well. While the relatively low percentage of blacks does not seem to have a great impact on the area, the presence of Cherokee Indians -- 6,000 Cherokee Indians live on a BIA reservation in the town of Cherokee -- is well established.

Tourism is a significant economic activity for the region. It is primarily centered around the Smoky Mountains and much of it is associated with skiing and other mountain-related recreation. Tourism is also the major development activity of the town of Cherokee, based, of course, upon Native American culture.

Manufacturing activity in the mountain region has historically been based on the state's traditional labor-intensive industries of furniture and textiles. This activity has diversified over the years, but the 1973-1974 recession hit the mountain economy hard because of its dependence on its original labor intensive industries. Efforts to promote further industrial diversification are constrained to some extent by the region's mountainous terrain. Large parcels of developable (i.e., flat) land are limited. Trucking transportation is limited by the often steep and narrow road systems through the mountains.

Industry and Employment

North Carolina is not at the forefront of the "post-industrial" era if one takes as an indication the proportions of employees in the goods-producing and service-performing sectors. Whereas in the U.S. as a whole, goods-producing employment was only 29% in the late 1970s, in North Carolina it represented over 42% of employment. Manufacturing is the state's largest employer, followed by retail trade, government and services (*County Business Patterns*, 1979).

The manufacturing activity in North Carolina is predominantly associated with low-wage, labor-intensive employment. The origins of this form of manufacturing can be traced back to the end of the 19th century with the location of textile mills in the state. The state's characterization as a branch plant state can also be traced back to this time. The development of the textile industry in the state came about as a result of textile manufacturers migrating out of the Northeast, most notably the state of Massachusetts. Furniture and cigarette manufacturing intensified the labor intensive activity in the state.

Since the 1950s, there have been direct attempts made to weaken the dominance of the traditional labor intensive industries. Governor Luther Hodges began the state's tradition of industrial recruiting which continues to the present with Governor Hunt as an attempt to modify the industrial mix. This development strategy strengthens the state's status as a branch plant state.

The largest manufacturing employers today are still the traditional labor-intensive industries -- textile mill products, furniture and fixtures, and apparel and other textile products. These industries are predominantly located in the nonmetro areas. Recent analyses indicate however, that the *fastest* growing manufacturing industries are: non-electrical machinery, electrical machinery and transportation equipment (Bergman, 1981).

The industrial restructuring characterizing North Carolina's growth, and fostered by state policy, includes both the addition of new jobs in the economy as well as the loss of existing jobs. (See Table 3.) That three jobs are added for every one lost seems to have convinced many of North Carolina's economic vitality. However, North

Table 2

NORTH CAROLINA EMPLOYMENT 1979[1]

	#	%
TOTAL	2,265,931	100.00
Goods Producing	959,590	42.35
Manufacturing	829,419	36.60
Construction	124,906	5.51
Mining	5,265	0.23
Service Performing	1,187,899	52.42
Private Sector	866,899	38.26
Trade	468,854	20.69
Services	302,136	13.33
Finance, Insurance, and Real Estate	95,909	4.23
Government	321,000	14.17
Transportation, Communication & Utilities	112,140	4.95
Agriculture	6,302[2]	0.28

1. Government figures are for 1977.

2. March 1979 figures.

Source:1979 *County Business Patterns*, Bureau of the Census Department of Commerce, and *1979 State and Metropolitan Area Data Book*.

Table 3

RECENT MANUFACTURING JOB LOSS AND JOB GROWTH
PERCENT BY AREA, 1977 - 1979

	Loss	Gain	SIC 35-37 Gain
Region Total	100	100	100
Mountain Counties	18	18	9
Piedmont Counties	48	64	79
Coastal Counties	33	18	12
Metro Counties	35	60	70
Nonmetro Counties	65	40	30
Total Jobs	14,925	34,751	29,061

Source:Edward M. Bergman. "Local Economic Development Planning in an Era of Capital Mobility," *Carolina Planning*, Fall 1981, Volume 7, Number 2.

Carolina manufacturing job loss in just a two yer period, 1977-1979, has been conservatively estimated at over 14,900 jobs. Furthermore, during the same period it was found that "...manufacturing losses are clearly concentrated in small towns and nonmetropolitan counties of the mountain and coastal regions, while manufacturing job gains occur predominantly in the metropolitan counties of the Piedmont" (Bergman, 1981). These trends are especially acute for the higher technology machinery, electric/electronic, and transportation sectors (SIC 35-37). Thus the rural areas and their residents do not appear to experience quite the same economic vitality that is perceived for the state as a whole.

The state's industrial recruitment strategy has caused some shifting towards more capital-intensive industry. This is indicated by the industrial sources of new jobs, as well as by recent increases in overall manufacturing industry's value-added (*Census of Manufacturers*, 1967 and 1977). However, while the state's manufacturing sector is perhaps becoming less labor-intensive, it does not appear to be shedding its low wages. It continues to have one of the nation's lowest, and in some years the lowest, hourly manufacturing wage. Directly related, is the fact that the state has the lowest rate of unionization in the country (6.5% in 1978 compared to 23.6% for the U.S.) a fact which is widely advertised by the state's industrial recruiters.

Traditionally, the nonmetro areas of the state have had the most labor-intensive, low-wage industry. Recent changes in the industrial mix indicate that the nonmetro area's greater degree of labor-intensiveness is lessening. However, the difference between nonmetro and metro area's wages is becoming greater. In a study conducted by the state government, it was found that the change in mix of state jobs paying high, medium, or low wages between 1962 and 1976 has resulted in increased average wages for the metro area but, decreased average wages for the nonmetro area (North Carolina Division of Policy Development, *Balanced Growth Plan*, 1979).

The participation rate of females in North Carolina's labor force is over 55% -- the fifth highest rate in the country. This fact is strongly correlated with the low-wage, labor-intensive industry structure of the state. High female labor force participation rates are also strongly correlated with the state's low per capita income and with the large numbers of female-headed households estimated to comprise 15% of all North Carolina households in 1976 (North Carolina Division of Policy Development. *Workbook for the Year 2000*, 1981).

The occupational structure of the state reflects the predominance of manufacturing activity, particularly in the nonmetro area where operatives were the largest job category in 1970 (*U.S. Census*, 1970). The labor force of large employers -- those with 100 or more employees -- in the nonmetro area in 1978 was 49% female and 52% minority (U.S. Equal Employment Opportunity Commission, 1980).

Development Actors and Policies

The citizens of North Carolina are naturally concerned about their state's economic development position. A lot of attention has been focused upon the state's low national rankings in several key economic indicators. The state's overall approach to development appears to be a "top-down" or centralized one. The centrality of this approach appears to have been intensifying in recent years. North Carolina's governors and top state government administrators have played an active role in bringing development to the state since the 1950s. The results of their efforts have primarily benefited the Piedmont region, where state government is headquartered. Most of the state's investment in infrastructure has been in this region as well.

The North Carolina State Department of Commerce aggressively pursues industrial recruiting at the national and international levels. Industrial recruiting is, in fact, the basis of the state's development strategy. The North Carolina Community College system was specifically set up in the 1950s to train potential workers for recruited industries. Its Division of Industry Services works closely with the state's Department of Commerce.

In recent years, the state has tried to institute regional planning (i.e., multi-county planning) as a means of implementing its state-wide development policies (Stuart, 1981). Parallel to these efforts, but, coming later, North Carolina Governor Hunt initiated the "Balanced Growth Plan" to focus state policy on the problems of lagging rural areas, posing ways to spur growth dispersal to these areas. Conflicting opinions among key figures in the state's development process arose over Hunt's strategy. Some felt that priority should be placed on raising the State's overall economic

status, and thus, growth should be allowed to proceed in its most efficient form (i.e., in the metro areas).

In just the last couple of years, additional state-level focus on rural development has come from the Rural Development Coordinating Committee. Federal, state and local officials sat as members of this committee and attempted to develop guidelines and mechanisms for coordinating federal, state and local resources and programs for development. Recognizing the lack of capital for financing development in the rural areas, it was proposed relatively recently that a Rural Development Finance Corporation be established.

The Hunt Administration's attempt to implement its formal Balanced Growth program met with little success. It sought to establish target areas in the less urbanized portion of the state to maximize resource use for fostering new development. In a "state of small towns" where each one wanted to be a target area, such an approach was politically unfeasible. The goals of the Rural Development Coordinating Committee and the attempts to establish a Rural Development Finance Corporation have not met great success either. Thus, the process of development within the state seems to be continuing its historical trend with most of the new and the best growth going to the metro areas and to the Piedmont region.

Certain areas of the state seem to be completely left out of the development process, most notable is the northeastern portion of the coastal region. However, there are several groups of the state's 100 counties in similar, very underdeveloped positions. There are also certain groups of the population for whom the development process does not seem to be beneficial. And, in the case of black farmers, the current process of development seems to be taking away the little they have managed to accumulate.

Some development efforts at the local level are noteworthy, however, and are fueled in part as a reaction to the state's top down development approach. For example, a strong tradition of community and educational institution participation in local area development is found in the mountain region. Over 35 years ago, the Western North Carolina Associated Communities group was founded to act as a catalyst for regional development. WNCAC has spun off a number of groups/associations over the years to address specific issues and problems of the region. One of the most recent organizations that has spun off from WNCAC is Western North Carolina Tomorrow -- a citizen organization created in response to increasing concern for the future of the region. It has examined the region's problems and identified four priority concerns: employment opportunities, natural resources, education and "pride in the region." Committees for each of these concerns have been formed and are -- or have -- created objectives and work plans.

Members of major educational institutions in the mountain region have strong leadership roles in WNCAC and WNCTomorrow. Besides the strong and perhaps unique role the educational institutions are taking in their region's development, they are also taking a leadership role with regards to international development. The Chancellor of Western Carolina University wants to think beyond his university's involvement in regional development to global development. He is said to feel a deep responsibility to educating the (often isolated) people of the mountain region to their global ties and to the ways in which they are affected by changes in global conditions. The Chancellor is focusing research efforts in the university on comparisons of the poverty problems between rural areas of the U.S. and developing countries. A President of a small church-funded school, Mars Hill College, believes there is a great deal of affinity between Appalachia -- which encompasses much of the mountain region -- and developing countries. The College wants to have some influence on the multinational corporations which are spurring the growth and altering the character of developing regions. In the College's business program, students (who are potential employees of multinational corporations) are taught the values of preserving a region's ethos and of stewardship of the land.

In the Piedmont region, a citizen group has recently formed to monitor the state government's efforts at promoting development. Also centered in the Piedmont region is the Center for Community Self-Help which works state-wide with employees who are losing their jobs because of plant closures. Because North Carolina industry is in a transition period, moving from a labor intensive structure to a more capital intensive one, many of the state's traditional industries such as textiles are closing. As was noted earlier, more of these plants are located in the rural areas of the state. Furthermore, they are often a significant -- if not the major -- source of employment for a rural community. Consequently, their closure can have a devastating effect on the rural community's economy and people. Women are said to experience the greatest damage from the transition in North Carolina's industrial structure because they represent significant percentages of the employees in the labor intensive industries. Often this female labor force is middle-aged and minority. It faces serious difficulties when seeking new jobs after a plant closure. The Center for Community Self-Help provides assistance to communities and workers who want to try and keep their industries open through worker-ownership.

It appears that increasing focus has been directed towards the Coastal Plain development (or, for large portions, underdevelopment). Some have attributed this attention to the fact that the Governor is from eastern North Carolina. In the northeastern part of the region, a community organizer/educator associated with a local legal aid office has completed an in-depth analysis of the area's development problems. Legal aid offices in the Coastal Plains region in particular, and throughout the state generally, take an active role in articulating and protecting their low income, often minority, client's interest in the development process.

Challenges for Rural Policy in North Carolina

Designing and implementing rural policy for North Carolina is not an easy task as the discussion of previous attempts has illustrated. And yet, the need for implementable rural policy should be clear in light of the marked uneveness of development within the state.

A successful rural policy must meet a number of challenges. It must take into account the geographical diversity of the state and the way that this diversity tends to manifest itself into at least three fairly distinct development patterns, as well as creating different kinds of rural problems. It must take into account the national migration trends which are contributing to North Carolina's growth and changing the profile of the state's population.

Farming has always been an important economic activity for North Carolina and, naturally, for its rural areas. Concerns over the growth of major agribusiness and the loss of black-owned farms, as well as the ways in which these trends affect the opportunities for economic development of the rural population are significant issues.

It has been noted that the educational institutions play a strong, and in some ways unique, role in the state's development process. The educational institutions appear to be successful vehicles for articulating the development needs of the rural areas. Furthermore, the legal aid system has played a significant role in articulating the needs of the disadvantaged rural residents. Both the educational and legal aid systems' input should be incorporated into the formulation of a sound rural policy for the state of North Carolina.

The state's primary strategy for fostering growth is industrial recruitment of high tech industry. To promote this effort, Governor Hunt has established the Micro-Electronics Center in the Research Triangle Park, at a cost of more than $25 million. Rural policy must determine what benefits, as well as costs or sacrifices, can be expected for the rural population from a high tech recruitment strategy for the state. Recent evidence indicates that the industrial restructuring the state is experiencing

has resulted in greater job losses than gains for the nonmetro areas. It has also resulted in declines in average wages for the nonmetro areas.

Finally, and most importantly, sound rural policy must be built upon the understanding that the ongoing process of development -- which results in growth for some areas but stagnation or decline for others -- will be most radical in its effects upon the rural areas and small communities in North Carolina. This is, of course, because of their small economic bases. These rural areas are most vulnerable to any development change, be it a growth or decline trend. When the state of North Carolina bases its economic development strategy on industrial recruitment it increases, as has been shown, the proportion of employment in branch plants and industries. These branch plants are noted for their mobile tendencies over which communities have little or no control. Small communities or rural areas are often not well equipped to adjust to the movement of branch plants into or out of their areas. For communities and small areas seeking to decrease or minimize their economic vulnerability, alternative economic enterprises to branch plants become desirable (e.g., locally owned small business or the development of indigenous industry).

However, there is a lack of capital in the rural portions of the state to finance alternative economic enterprises. Sound rural policy for North Carolina must recognize this need and seek appropriate solutions, such as the previously proposed Rural Development Finance Corporation. In so doing, rural policy not only recognizes that the development process can radically affect the economic base of communities, it establishes a means by which to mitigate the unwanted consequences of some economic developments -- such as that of branch plants -- and promotes more stable growth for rural areas.

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WISCONSIN CASE STUDY

Phil Shapira

The State -- Regional and Rural Context

Many nonmetropolitan areas in Wisconsin have experienced a significant demographic and economic "turnaround" over the last decade. This growth pattern has reversed the overall history of nonmetropolitan stagnation and decline seen previously in the state.

Overall population statistics in Wisconsin during the post-World War II period have basically followed national trends (Table 1). The aggregate rate of population increase has declined in each decade since 1950. Over the last two decades, the slowdown in overall population growth has been less marked in Wisconsin than in the North Central region as a whole, although the rate of population increase has consistently fallen below the U.S. average.

Table 1

POPULATION CHANGE, 1950 to 1980, (PERCENT)

	1950-60	*1960-70*	*1970-80*
Wisconsin	15.1	11.8	6.5
North Central Region*	16.1	9.6	4.0
Total U.S.	18.5	13.3	11.4

*Includes the 12 states of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

Source: U.S. Bureau of the Census, Population Reports 1950-1980

However, within the aggregate state figures there have been significant shifts in the character and location of growth. Between 1970 and 1980, all but three of Wisconsin's 72 counties experienced population growth. This differs from the situation in the 1960s (when 19 counties lost population) and in the 1950s (when 34 counties saw population declines). The counties which lost population in the 1950s and 1960s were predominanttly rural ones. In part, these developments are a function of a slowdown in the growth of Wisconsin's metropolitan areas and an increase in the growth rates of nonmetropolitan counties (Table 2). These changes reflect a diminished rate of growth in the urbanized southeastern counties over the last decade coupled with the increased ability of the more rural northern counties in keeping their residents and attracting new migrants. It should be noted, however, that the high rates of net migration in the nonmetro counties need not imply large population shifts. In many of the Northern lake counties, net additions have averaged less than 500 people per year. On the other hand, although the absolute changes may be small, the relative impact of these people in sparsely populated rural areas can be quite significant.

In Fall 1981, field research was undertaken in three of the major rural and/or nonmetropolitan areas in Wisconsin. The areas covered were the Central Wisconsin (Stevens Point) area, South-West Wisconsin (Soldiers Grove, Muscoda, etc), and North-West Wisconsin (including Lac Coure Oreilles, Turtle Lake, Cumberland, Hayward, St. Croix, and Clear Lake). The experience of these three areas are all somewhat different and illustrate well the range of conditions now evident in nonmetropolitan areas.

The Central Wisconsin area is, perhaps, the best example of an independent nonmetropolitan pattern of growth. The area has for main growth poles: Stevens Point, Wausau, Marshfield, and Wisconsin Rapids. This area contains over 100,000 people within a 30 mile radius and has been referred to as the "Ruralplex." The leading

Table 2

METRO AND NON-METRO POPULATION CHANGE, WISCONSIN, 1950-80*

	All counties		*Metro Counties*		*Nonmetro Counties*	
			POPULATION CHANGE			
	#	%	#	%	#	%
1950-60	517,202	100.0	448,473	86.7	68,729	13.3
1960-70	466,044	100.0	330,532	70.9	135,512	29.0
1970-80	287,514	100.0	85,329	29.7	202,185	70.3
			NET MIGRATION			
1950-60	-53,318		107,188		-160,506	
1960-70	282		17,906		-17,624	
1970-80	9,914		-94,724		104,638	
[Counties]	[72]		[14]		[58]	

*Metropolitan status as of 1974

Source: Same as Table 1

elements in growth have been both manufacturing and nonmanufacturing. In many of the communities in the region, fairly large branch plant operations have been set up. At the same time, there has also been a significant development of major service establishments -- the University (9,200 students) and Sentry Insurance in Stevens Point; Mutual in Wausau; and the medical center at Marshfield. The area has seen a substantial increase in population over the last decade, but it seems that much of the in-migration has been of a working population, rather than of retired persons.

Ron Schaffer, at the University of Wisconsin's Department of Agricultural Economics, feels that the ability of the four central region cities to work together is "not all that great." But, as he then pointed out, "When we start looking at the total structure of the four cities together, we start to get a fairly significant, diversified economy."

The South-West region has probably been least affected by the "rural turnaround." It is still a predominantly agricultural area, with numerous -- often quite stagnant -- small towns. Predominant agricultural activities are dairying and grain. There is comparatively little tourist activity. Many towns in the area have been hit by plant closures of older manufacturing employers. One interesting location, however, is the town of Soldiers Grove. Here, after severe flooding, the residents are rebuilding the town center on a new site. Interestingly, the new site was formerly the town's industrial park, which had been severely underused with little job creation. The theme of the new center is one of a solar village, and all the commercial stores and offices utilize solar power. About 30 additional jobs have been created, the quality of the stores improved, and new services (such as a medical center) provided.

The North-West region is the most rural part of the state. The major activities of the region are (a) resource-based (timber, a little mining, and agriculture -- although the latter is more marginal in the North than the South because of climatic and soil factors); (b) tourism and recreation; and (c) small-scale manufacturing. The first two activies have traditionally been very seasonal and cyclical, although there has been some increase in winter-based tourist activities. In all three activities, wages tend to be low and job opportunities poor. Two recent developments in the North-West are, first, the significant increase in retired people moving into the area to live. This phenomenon has been well-documented by Voss and others at the University of Wisconsin, Madison. Second, particularly close to the border with Minnesota, there has been some development of high-technology firms. This growth, although not

substantial in absolute numerical terms, is important, and seems to be largely a spin-off of activity from Minneapolis-St. Paul (one of the nation's major high tech centers, with Honywell, Control Data, 3M, and other large advanced corporations located there). One of the largest new high tech firms in the region is Cray Computers, in Chippewa Falls -- this was a spin-off from CDC. Impact 7, the Community Development Corporation that covers much of the North-West in its target area, has been involved in Cray (financing plant facilities), as well as in several other high tech ventures. It appears though that much of this new high tech activity in North-West Wisconsin is largely assembly -- employing women predominantly and paying little more than minimum wage. Research still seems to be centered very much in the twin cities of Minneapolis-St. Paul.

The North-West region is also significant in that there is an important and long-rooted native American population. In general, the tribes have fared less well economically than the whites -- although both groups have traditionally been affected by the boom and bust nature of most of the employment in the area. In general, the tribes have had difficulty in creating new economic activities and jobs for their members. The Lac Courtes Oreilles tribe, which is regarded as one of the more progressive tribes in terms of economic development, has had a significant development effort. It has developed a new commercial center, established a construction company, built and rehabilitated housing, established its own tribal/community center and a high school, and (in conjunction with Impact 7) developed a viable cranberry marsh. Yet unemployment within the tribe still runs very high, and the tribe faces problems of technical capacity and capital access.

Industry and Employment

Wisconsin, in general, has been a comparatively good economic performer over recent years in a region (Mid-West) that has usually done less well than other regions of the nation. Table 3 illustrates this. Wisconsin is traditionally known as both an agricultural and manufacturing state. The statistics bear this out -- while the state ranked 16th in total population (1978), it ranked 12th in terms of manufacturing employment (1977), 11th in value added by manufacturing (1977), and 8th in agricultural receipts (1978). However, while agricultural activities are significant in a relative sense, this is less true in absolute terms -- in 1978, the largest employment categories were manufacturing (with 25.5% of wage and salary employment), services (16.3%), retail (14.9%), and government (14.4%). Table 4 provides figures on the distribution of employment: This table shows that non-manufacturing activities have increased quite rapidly in the state, particularly services, finance, insurance and real estate, and wholesale trades. Manufacturing has also performed well, particularly in durable goods (with non-electrical machinery showing the greatest growth, but with significant increases in lumber, furniture, and stone, clay, and glass). The number of farm proprietors has fallen quite substantially, although there has been an increase in wage and salary farm employment. Finally, non-farm proprietors (which covers small business owners, as well as the self-employed) increased noticeably.

The manufacturing base in Wisconsin is a fairly traditional one. The largest manufacturing employers are General Motors (autos), American Motors (autos), Briggs and Stratton (auto engines, auto locks), Allen-Bradley (electrical equipment), J.I. Case (tractors, farm equipment), A.O Smith (auto frames, dies and tools), Allis-Chalmers (tractors, electrical equipment), Kohler (plumbing fixtures, engines), American Can (pulp, paper, cans), and Ladish (forgings). Most of these major employers are located in the traditional manufacturing belt of S.E Wisconsin -- Milwaukee, Kenosha, Janesville, etc.

Overall, Wisconsin has very little "high technology" employment, despite the development of new electronics plants in the north-west of the state. This is somewhat surprising considering the state's comparatively good educational system. Table

Table 3

EMPLOYMENT CHANGE, WISCONSIN AND NEIGHBORING STATES

	Total Employment		
	1970	*1979*	*% Change*
Illinois	4,535	5,038	11.1
Indiana	2,106	2,443	16.0
Iowa	1,132	1,373	21.3
Michigan	3,349	3,979	18.8
Minnesota	1,557	1,978	27.0
Ohio	4,152	4,739	14.1
Wisconsin	1,758	2,273	29.3
Region	18,589	21,823	17.4
U.S.	78,627	96,945	23.3

	Manufacturing Employment		
	1970	*1979*	*% Change*
Illinois	1,342	1,257	-6.4
Indiana	710	741	4.3
Iowa	215	258	19.7
Michigan	1,072	1,151	7.4
Minnesota	319	383	19.8
Ohio	1,407	1,380	-1.9
Wisconsin	501	593	18.3
Region	5,567	5,762	3.5
U.S.	19,367	20,972	8.3

Source: Wisconsin Department of Development, unpublished paper, 1981

5 indicates this, using Business Week's definition of "high technology":

When the employment figures are broken down by metro and nonmetro areas, further significant patterns emerge (Table 6). In overall terms, Wisconsin's nonmetropolitan areas in 1978 had a proportionately larger share of employment in construction, trade, and government occupations. At the same time, metropolitan areas had proportionately more people employed in manufacturing, transportation and public utilities, finance, insurance, and real estate (F.I.R.E.), and services. However, over the 1972-78 period, manufacturing growth in Wisconsin was noticeably higher in percentage terms in nonmetro counties, compared with the metro areas. Nonmetro areas added 29,500 net new manufacturing jobs between 1972-78, a rate of increase of 18.0%. Manufacturing in metro Wisconsin also grew, but by just over 11% (adding 30,200 new new jobs). Within the Wisconsin's nonmetro areas, the less urban northwestern area of the state gained a disproportionately large share of new industrial jobs (especially: Portage County (Stevens Point), Marathon County (Wausau), and -- even further north -- St. Croix County, Chippewa County, Polk County, and Barron County). Nonmetro areas also saw major increases in non-manufacturing jobs, particularly in finance, insurance, and real estate.

The importance of new jobs in non-manufacturing sectors in nonmetro areas is shown by Table 7, which lists the ten sectors adding the largest numbers of jobs to nonmetro areas between 1974-79. Eating and drinking (which tend to offer low-paid, high turnover jobs) had the biggest growth of any two-digit SIC sector, followed by health, food stores, wholesale, and education. Importantly, three manufacturing

Table 4

EMPLOYMENT TRENDS IN WISCONSIN

	Distribution		*% Change*	
	1971	*1978*	*1971-78*	*1978*
Total Jobs	1,883	2,243	100.0	19.1
Proprietors				
Farm	115	103	4.6	-10.0
Nonfarm	121	143	6.4	18.1
Wage & Salary	1,647	1,997	87.5	21.2
Farm	35	49	2.2	41.2
Mining	3	3	0.1	4.0
Construction	64	78	3.5	21.9
Manufacturing	481	569	25.4	18.2
-Nondurables	177	195	8.7	10.6
-Durables	305	374	16.7	22.7
TPU	81	87	3.9	7.6
Wholesale	68	93	4.2	36.7
Retail	276	333	14.6	20.6
F I R E	64	88	3.4	37.2
Services	262	365	16.3	39.6
Government	310	326	14.5	5.1

Source: Same as Table 3

Table 5

EMPLOYMENT IN HIGH TECHNOLOGY

	% Manufacturing Employment in High Technology
Great Lakes States	
Wisconsin	6.1
Minnesota	15.6-7
Ohio	6.1
Indiana	9.2-11.3
Illinois	11.0-11.4
Michigan	0.3
Other States	
Massachusetts	22.6-23.5
California	29.4
North Carolina	4.3-5.3
Texas	14.3
Pennsylvannia	13.9
All States	13.9

Source: *County Business Patterns for The States; Employment and Earnings, for the U.S.*

sectors -- transportation equipment, non-electrical machinery, and electrical machinery -- were also ranked among the top ten growth sectors.

The general picture of employment change in nonmetropolitan Wisconsin illustrated by Tables 6 and 7 is thus one of a growing manufacturing base, coupled with significant increases in service-performing jobs. In this respect, employment developments in Wisconsin are mirroring those found in other nonmetropolitan growth areas in the United States.

Table 6

EMPLOYMENT, METRO AND NON-METRO, WISCONSIN, 1972-78

	Metropolitan			*Nonmetropolitan*		
	1978 #	*1978 %*	*1972-78 % Change*	*1978 #*	*1978 %*	*1972-78 % Change*
Construction	49.0	4.1	21.3	34.4	5.1	52.9
Manufacturing	363.0	30.2	11.1	199.1	29.5	18.0
Trans/Util	56.9	4.7	8.2	30.2	4.5	3.1
Trade	268.5	22.3	21.1	160.2	23.7	28.1
F I R E	59.5	4.9	29.6	26.1	3.9	42.6
Services	224.8	18.7	31.5	110.7	16.4	38.0
Government	181.0	15.0	6.0	113.2	16.8	7.8
TOTAL	1,203.3	100.0	16.8	675.7	100.0	22.7

Source: Employment & Earnings, BLS, 1938-78

Table 7

LARGEST TWO-DIGIT SIC GROWTH SECTORS, NON METRO WISCONSIN

Sector	*Jobs Added, 74-79*
Eating and Drinking	19,680
Health	12,840
Food stores	11,110
Wholesale	3,590
Education	8,245
Transport equipment	7,490
Machinery, non-electrical	6,730
Electrical machinery	5,639
Business services	3,580
Insurance carriers	3,300

Source: Wisconsin Department of Development, unpublished data.

State Government and State Development Policy

Under the current administration, the implementation of a coherent state development policy in Wisconsin does not seem to be a major priority. The Office of State Planning had been re-organized several times, and is about to be closed down. There is no rural development policy as such. The administration is a fairly conservative one, and has been following national trends, e.g., a focus on cutting both business taxes and social services. The emphasis now in terms of economic development seems to be an increase in the industrial recruitment effort (again, following the North Carolina model). There also is an observable interest in developing more high technology employment, although there does not yet seem to be a developed strategy to do this.

This shift in emphasis away from planning is reflected in the state's rural policy efforts. "It's basically true that development policy and planning is of less importance to this state administration," notes Gary Neilson, Director of the Policy and Planning of the Department of Development. "I think the focus [now] is also less long-term and more short term." The current Governor abolished the state Rural Area Community Development Council, which was supposed to integrate state and federal assistance to rural areas.

Neilson remarks that the state had been working on an investment strategy for Wisconsin. "We had identified 29 counties [many of which were rural] where there were substantial problems based on the typical socio-economic indicators. [But] it's been the decision of this administration that they don't want to look at distress, they don't want to look at the need side, but would rather look at the opportunity side."

One exception is the Community Development program of the Department of Development. Although small in and resources, this group has been working to encourage community and alternative models for economic development. There are also proposals in the state legislature to establish a community development finance corporation to further support such efforts.

An important source of support for alternative economic development programs has been discretionary CETA monies. "In community economic development," says Carol McClain of the Governor's Employment and Training Office, "we've funded a number of community development corporations. In the Green Bay area, we're funding a CDC to start an SBA 503 Program. In the west central region of the state, we funded a CDC attempting to start a business. Then there's La Raza Unida -- a coalition of Hispanic and Native American groups [where GETO has funded staff support]."

Policy Issues

A number of different patterns of development are observable in Wisconsin's rural and nonmetropolitan areas -- it is not possible to suggest that one overall pattern holds true in all areas of the state. Not all rural areas have seen the "rural turnaround" -- and even in those areas where it has been most evident, it has not been clear that the increase in population (particularly retired population in the North-West) has provided really substantial economic benefits, especially for the "local" inhabitants. In short, there are still a number of development issues which rural policy needs to address in Wisconsin.

"The quality of jobs is an issue [in rural communities]," says Steve Born of the Department of Urban and Regional Planning, University of Wisconsin-Madison. "There is a a three-fold economic base in the rural regions. There's limited small industry, there's recreation and tourism, and there's agriculture. Many of the agricultural people are holding down second jobs -- in part because of the quality problem [low wages, seasonality] of their primary job. Certainly people employed in the recreation and tourism industry have low wages and poor durability of employment. There's also been tremendous dislocation for some of the small industries producing auto parts." Additionally, many rural areas have major infrastructure needs if they are to sustain development. "The biggest constraint now in Wisconsin is probably of the sewer type," notes Jack Huddleston, also at the Department of Urban and Regional Planning.

However, rural economic development, as a distinct category of policy, is not very high up on the state agenda at present in Wisconsin. This reflects a number of things -- such as: the current conservative and "non-planning" character of the Wisconsin state administration; the mirroring of national trends in policy-making and funding (currently, both policy and funding are not especially concerned with rural economic development); the dissatisfaction expressed that previous efforts at more comprehensive planning didn't really lead anywhere; the current preoccupation with the state's

fiscal crisis, which makes the climate for new policy initiatives unfavorable; the preoccupation with "industrial recruiting" and "high technology;" and the lack of an effectively-organized rural constituency. "There is no coherent mechanism to decide what to do about rural development," remarks Born. "It's issue by issue."

Different views are held within the state on the effect of federal cutbacks and shifts in spending programs. It was expressed in state government that the cuts would hit the state quite hard, particularly since the state has little defense industry and so would not pick up much in terms of additional jobs there. In the small towns, however, there seemed to be a very boosterish attitude. There was a feeling that the small towns would not be particularly hurt by the cutback of the economic development programs, although the cutback in some of the social programs would be more important. On the other hand, Bill Bay, Director of Impact 7 CDC, felt that the rural areas would be at a severe disadvantage with the cuts -- it would be much more difficult for rural areas, as opposed to urban areas, to tap into the private sector, as indeed the Reagan administration has advocated.

The difficulties facing native Americans in rural Wisconsin continue to persist, despite (and, in some ways, as a consequence) of federal BIA "aid." For some tribes, the problems are compounded because they do not recognize or do not like to deal with state government. As public resources are cut back, the difficulties facing native Americans will probably increase. In addition, there is growing pressure to exploit certain reservations for mineral development.

The role of community-based organizations in Wisconsin is, with the exception of Impact 7, fairly small. However, there is increasing interest in community-based approaches to economic development (and, in state government and the legislature, indications of bi-partisan support for such approaches). Impact 7, as a federally-established Title VII CDC, itself faces an uncertain future as its base funding is reduced. To an extent, Impact 7 has protected itself by making loans, rather than taking equity positions, in its business deals. This will help cash flow and the CDC's liquidity position. However, this strategy has been criticized as being conservative and focused too much around attraction of outside entrepeneurs rather than aiding "local" enterprise (although the extent to which this exists in the area is not clear).

Given the cutbacks in federal aid and the void in state policy, the emphasis now lies with the rural communities themselves to tackle development issues. Yet whether rural communities actually have the capacity to take a lead is uncertain in Wisconsin -- some do, but many don't. "The general problem that rural communities face is a leadership void," says Joseph Rice, Deputy Director of the Upper Great Lakes Regional Commission. "It's a problem not having people who are knowledgeable about how to chase dollars, how to package grant applications, and who are able to marshall the support of local leaders, most important the lenders, the commercial bankers who can make a project go." The Upper Great Lakes Regional Commission tried to provide technical; assistance to improve local capacity, but the agency itself has now been cut by the federal government. Rice believes that the challenge for rural communities is now to "look closer to home" to get development going.

CALIFORNIA CASE STUDY

Ted K. Bradshaw

Overview — Rural Growth

California is one of the nation's leading rural states. Although it is the nation's most populous state and one of the most urbanized with 92.3% of its population in Standard Metropolitan Statistical Areas (SMSAs), California has 1.8 million nonmetropolitan residents, the 16th largest nonmetro population in the nation. Moreover, California counties are much larger geographically than the national average, and consequently metropolitan places include large numbers of "rural" residents, that is people living in small cities or open areas. Data from the 1980 Census indicate that California has 2,058,000 "rural" residents. With this large rural population, California ties with Georgia as the nation's seventh largest rural state. (Pennsylvania, North Carolina, Texas, Ohio, Michigan, and New York exceed California, in that order.) (Statistical Abstract 1981: p.12) Clearly, California is one of the nation's major rural states in spite of its massive urban sprawl in the Los Angeles and San Francisco areas.

The present review of the development of rural California expands and updates analyses of California's rural development published in our book, *Rural Communities in Advanced Industrial Society* (Bradshaw and Blakely, 1979). In contrast to the other states we studied during the last year, much of our analysis of California has been previously published and provides a background for the present report. During the three years since the research on the book was completed, there has been a significant amount of new attention paid to rural California, a state plan for the growing foothill region has been drafted, and a wealth of experience has been accumulated by rural organizations to handle the growth that is occurring.

Population Growth

From 1970 to 1980 California's nonmetropolitan population grew by 42.0%. This is in great excess of the 16.2% nonmetro growth from 1960 to 1970, although the rate of nonmetropolitan growth had been higher in each of the three decades before 1960, as shown in Table 1.

The long sustained population growth of California's rural areas is a reflection of the overall rapid growth of the state's population as a whole. As Kingsley Davis has remarked, California's population growth has been the most rapid population growth in the industrialized world over such a long time (Davis and Styles, 1971), with the state's population doubling about every 20 years from the discovery of gold in 1848 to 1970. For the first time, population growth in the 1970s dipped below its historical levels; urban growth slowed from a peak of 55.5% in the 1940-50s to only 16.1% in the 1970-80s. However, for the first time since 1930-40, when the state received a huge influx of rural migrants from the dust bowl conditions in Arkansas and Oklahoma, the rural counties of California showed a faster rate of growth than the urban. Rural growth during the 1970-80s has been most rapid in the northern part of the state. The 13 most northern counties grew during the decade by 50.9%, a marked increase over the 8.4% increase in the same counties during the 1960s. The nonmetro valley and foothill counties in the middle part of the state had a growth rate of 46.5% during the 1970s, while the southern rural counties, below Fresno county, experienced more moderate growth of 28.5%. There was a massive slowdown in the rate of metropolitan growth throughout the state, with the northern "Bay area" counties centered around San Francisco experiencing only 11.6% growth while the southern California counties around Los Angeles experienced growth of 16.7%. The central valley, however, with Fresno, Sacramento and a number of smaller urban areas, grew more rapidly than the other urban areas, with a 24.1% increase. The central valley SMSAs are the only urban

Table 1

CALIFORNIA POPULATION GROWTH 1930 - 1980
(Based on 1975 SMSA Definition)

	Population (000s)	*Growth Rate* (%)
Metro		
1930	5117.6	
1940	6213.3	21.4
1950	9654.4	55.5
1960	14,565.7	50.8
1970	18,688.0	28.3
1980	21,703.2	16.1
Non Metro		
1930	559.3	
1940	693.7	24.0
1950	926.5	33.6
1960	1151.4	24.3
1970	1338.0	16.2
1980	1899.8	42.0

Source: U.S. Census of Population, computed from county data by the author.

areas in the state to grow more rapidly than in the 1960s, and in part this reflects the fact that many of the central valley counties have vast rural sections, filled with small towns.

California's rural areas are not racially balanced with the rest of the state or the nation, having a much higher proportion of white people. Data from the 1980 census indicate that the nonmetropolitan counties of California are over 85% white and that there are only a small number of blacks, Indians or Asians. The largest minority race category in California is the "other" category which includes for the most part persons of Spanish origin who indicated that their race was Spanish or some equivalent. All respondents were also asked in the census if they were of Spanish origin, and 14.5% of California's nonmetro population indicated that they were. There is some overlap between this figure and the number of persons in the "other" race category. In any case, California's minority population in nonmetropolitan areas probably exceeds 350,000 persons. Many of these are disadvantaged, especially if they are in certain of the farming areas which are experiencing no growth and technological change and if they are concentrated in some of the medium size cities such as Chico or Oroville. So far there has been relatively little recent racial and ethnic strife in rural California, a fact which is undoubtedly attractive to the many whites moving from urban areas.

Rural Diversity

A wide variety of patterns are shaping the growth of rural California, reflecting its place as one of the most diverse states in the nation. The state's agricultural base is the nation's largest, and it is a leading producer of a range of specialty crops such as almonds, asparagus, and artichokes. The big crops however are cotton and rice, much of which is exported. Lumber has been a major industry in the mountain areas. Although hard hit by the recession, forest products remain a major industrial resource for California. At the same time, ecological and recreational interests are pressing for alternative patterns of forest use and management. Although gold mining

Table 2

POPULATION GROWTH BY DECADE FOR CALIFORNIA, METRO AND NONMETRO AREAS* (000s), 1930 - 1980

	Bay Area	*Central Valley*	*South*
Metro			
1930-40	11.0	29.8	25.8
1940-50	55.4	59.3	54.7
1950-60	36.2	41.8	60.2
1960-70	27.7	20.6	30.0
1970-80	11.6	24.1	16.7
1980 Total	(5591.1)	(2531.0)	(13,581.1)
	North	*Central*	*South*
NonMetro			
1930-40	21.3	30.8	21.5
1940-50	35.4	32.4	32.7
1950-60	30.5	22.9	18.9
1960-70	8.4	24.3	18.0
1970-80	50.9	46.5	28.5
1980 Total	(713.8)	(604.8)	(581.2)

*For definitions of areas, see Map in Appendix.

Source: Same as Table 1

Table 3

CALIFORNIA ETHNIC MIX (000s), 1980

	RACE*					*Spanish Origin*
	White	*Black*	*Indian*	*Asian*	*Other***	
NonMetro	1627.7	30.5	34.8	28.9	177.8	276.0
Percent	85.7	1.6	1.8	1.5	9.4	14.5
Metro	16,338.4	1788.7	166.5	1225.1	2184.5	4267.8
Percent	75.3	8.2	0.8	5.6	10.1	19.7

*Self classification on Census forms.

**Other includes some Asian categories (Cambodian, Indochinese, Pakistani, etc.) and a large number of Spanish. Thus, it overlaps the Spanish Origin category.

Source: Computed from U.S. Bureau of the Census, "Final Population and Housing Count, 1980" Advance Report PHC80-V6.

was the magnet which first attracted residents to the state, oil and other minerals are now major factors in several rural counties. Newer resource based items such as geothermal steam for electricity generation at the Geysers (Lake and Sonoma counties) and magnesium strip mining in Del Norte County near the Oregon border provide even greater diversity of opportunities for rural development. However, natural resource related industry has virtually nothing to do with the state's rural population growth.

The major diversity in California comes from the intersection of physical resources in the state with the rapid population growth. The varied climates are attractive to a multiplicity of types of people, ranging from those who are primarily attracted to the rural environment and attempt to make a modest living from the land to those who are primarily attracted by the investment opportunities in rural land, speculating on the profits of development or agricultural crops. In our previous work (Bradshaw and Blakely, 1981) we identified five types of settlement in rural areas, each of which is dominated by a desire to be in or near attractive rural settings for life style reasons. Statewide these types are found in various combinations.

1. Throughout the California foothills, in a band stretching from 1000 to 4000 foot elevation, a large number of retired persons have settled. Living in small communities or dispersed parcels of land (5 acres or so), retired persons are selecting this area because it is above the scorching summer heat of the valley and the dense winter fogs, but not at so high an elevation that it gets much winter snow and cold. These retirees have moved into an area that was never built up for recreational second homes, although the areas have been logged for many years. The small cities along the foothills have expanded rapidly to provide medical, trade, and other services.

2. Along the coast and near some of the more attractive high mountain recreational areas, a different group of new residents have moved in. These areas support a growing number of urban escapees who continue to be professionally active away from their urban centers. Their professional activities include writing, art, consulting, investing, and even computer linked data processing. In the same areas are many recreational opportunities, and the seasonal tourist traffic does not seem to deter the year round professionals.

3. Throughout rural California are a number of communities with a college or university and a progressive and innovative set of opportunities for new residents. In Chico, Arcadia, and San Luis Obispo, for example, the college has provided a base for the community to become a regional professional service center, closely linked with such facilities as hospitals, research centers, service delivery organizations, and extension programs. These educational institutions provide an attractive magnet for development of other services such as engineering, accounting, law, and high technology industrial growth.

4. A closely related type of community is built on government services and trade. The recent growth of government programs administered by counties has favored these communities. The rapid growth of trade and other nonprofessional services has been stimulated by the central location of these communities on major highways.

5. Finally, in all parts of the state, but especially in the forested northern sections, a vast amount of development has occurred based on what is sometimes called counter cultural life styles. This in large part has created a thriving marijuana industry in northern California, estimated unofficially to be the largest agricultural crop in Mendocino, Humboldt and Del Norte counties. It is widely agreed that there is a great deal more wealth in these counties than is evident through any aspects of the legal economy, and the rise of back-woods crime associated with drugs indicates that this is big business. In addition, the small mountain communities still support traditional industries such as lumber and a variety of crafts. However, the unemployment rate is persistently high and social problems are often unmet.

The central valley of the state is experiencing another type of diversity. On the one hand, the state's agriculture is the central activity in the valley, and it provides both jobs in the fields and in processing plants. The many small farm communities throughout the valley are relatively stable, experiencing only modest declines or growth. There is some consolidation of communities from the very smallest to the

medium sized and urban cores, although the large immigrant population in California rural areas is keeping some of the small farm towns alive. Urbanization of valley towns is proceeding rapidly, however, with towns such as Redding increasing from 16,000 to 42,000 persons between 1970-80. This growth is not primarily related to agriculture and lumber, but to services and government. As we shall discuss later, these developments intersect with two of the most pressing problems for rural California -- water and land use.

Industry and Employment

In our book (Bradshaw and Blakely, 1979), we argued that rural California was leading the way into an "advanced industrial rurality" based on service sector industries, high technology, and skilled human resources. Current data updating the previous findings confirm that this trend has increased and that the forces we identified are being sustained. Data are presented in Table 4 for California nonmetropolitan employment by industry from 1973 to 1980.

Table 4

EMPLOYMENT BY INDUSTRY IN NONMETRO CALIFORNIA
(Wage and Salary Workers in Nonagricultural Establishments)

	1973	1980	Change 1973-80
Ag/Forest/Fish	17.7	16.3	12.4
Mining	0.5	0.5	14.3
Construction	3.9	3.2	8.3
Manufacturing	13.0	10.2	2.0
Transport/Utility	5.0	4.8	23.2
Trade	19.3	21.3	43.6
F I R E	2.6	4.0	95.7
Services	13.3	17.3	68.5
Government	24.7	25.4	33.6
Total (000s)	(531.3)	(690.0)	29.8%

Source: Employment and Earnings data, *California Statistical Abstract*, 1976, Table C5, C6, C9; *Annual Economic Report of the Governor*, 1981, Table 6; and unpublished agricultural employment data from Economic Development Department, Statistics Division, 1982.

During the seven years covered by these data, the wage and salary employment in nonmetro California increased nearly 30% from 531,000 to 690,000. The most rapid growth industries were finance, insurance, and real estate (96%), while the slowest was in manufacturing (2%). California's rural industrial mix is dominated by service producing industries (rather than goods producing); in 1980 service-sector employment included 72.8% of the nonmetro wage and salary workers. Furthermore, 86.1% of the new jobs between 1973 and 1980 were in service sector industries, which produced 136,700 jobs, compared to only 22,000 in manufacturing, construction, agriculture, forestry, fisheries, and mining.

Agricultural employment has marginally increased in California during the past decade, from 94,000 to 112,000. However, because this rate of increase (12.4%) was lower than overall employment growth, agriculture has fallen to 16.3% of the nonmetropolitan employment. These data, however, blur a very significant trend in California agricultural employment. While the number of farmers and unpaid family farm helpers has declined markedly from the 1950s to the present, the number of hired

regular workers has increased. As farming in California becomes dominated by corporations and large land holdings, there is an associated shift to more regular employment patterns (see Bradshaw and Blakely, 1979:46-53; Mamer, 1977). Although there has been a slight increase in the number of seasonal farm workers in California since the 1950s, the peak year for seasonal employment was 1966, and annual averages since then have been relatively stable. It is also important to point out that most of California's agricultural employment is actually in metropolitan counties. In addition to the 112,000 nonmetro agricultural employees, another 278,000 work in metro counties such as Fresno, the state's wealthiest farm county, with 53,800 employed. Huge county areas in the fertile San Joaquin valley are responsible for this statistic; urban cities take less than a few percent of the available land in the major farm region including Kern, Fresno, Stanislaus, San Joaquin, Sacramento, and Yolo Counties.

California has also seen a significant increase in small farms and small farm employment. From 1975 to 1981 there was an increase in the number of California farms from 73,000 to 80,000. During the same period, the total land available for farms remained the same and the average farm size declined from 470 to 423 acres (Statistical Abstracts, 1981, p. 660). Part of the change is due to inflation bringing more small farms into the statistics as their products bring more money. Additionally, more Californians have become active in part time farming with the large number of specialty crops suitable to small scale operations.

Manufacturing

Rural California has not shared in the manufacturing industrialization which is evident in most of the rest of the country's rural regions. The 2.0% growth of the state's nonmetro manufacturing represents only 1,400 new jobs. However, there have been some significant closures of lumber mills and other plants so that the minimal growth actually represents a shift of employment from many presently depressed areas with previously good job opportunities to new areas which are experiencing population increases. Examples of the communities faced by problems with mill closings in northern California are Burney, McCloud, Weed, and Forest Hill, among others, which have lost their mill and are not able to find replacement employment. The closed plants were usually part of a larger company operating in several states. As construction declined nationally, these plants have become marginal to the firm and the companies have declined to invest in them. While there are still ample forest lumber resources in the area, and many claim the mills are still viable, the first growth lumber has been mostly harvested and production patterns are changing.

High technology manufacturing in California's rural areas is growing, however. We conducted interviews in several areas of the states to explore the patterns of development of rural high technology plants. Our concern was to learn how high technology plants come to locate in rural areas and to identify the relations between the entrepreneur, the type of product being made, and a rural location. We then assessed the links between the owner's experience and background, employee recruitment and training, financing, marketing, and managing change. Based on these interviews, we have concluded that:

- Most high technology firms locating in rural areas are started by people with a great deal of urban experience, and they choose areas with which they are familiar. Many of the people starting in Grass Valley had vacationed in the area previously. They moved for personal and family reasons, largely to avoid the congestion of urban settings and to take advantage of the attractive rural environment. Several firms were started by women and women were partners with their husbands in several others.
- All the firms have had rough times, periods when their market and product were not adequate. They were able to survive, however, by a combination of innovation and financing much the same as if they were in urban areas.

- The vast majority of firms started as privately financed ventures, largely from personal savings of the principle businesspersons. Thus, they did not start in businesses that required expensive equipment and an initial large scale of operation. Most of the products were specialty products for limited markets. These markets included television production equipment, hobby electronics for private aircraft, specialty tools, etc.
- All the products had a moderate degree of customer relations and service as a necessary component. Few items were just shipped and forgotten. Key sales and engineering staff have to travel often to service their products and make sales.
- Most of the new firms could not afford to construct buildings. The availability of rental space was essential for the larger firms, although many started in garages and by piece work contracts.
- One large employer in the Grass Valley area has led to a number of spinoffs, while other large manufacturers have had virtually no impact on creating new firms. The type of product and the firm's organizational style are related to the creation of other businesses locally.
- Most firms find their employees locally, although most of the new employees have recently migrated to the area because they knew of high technology job opportunities.
- Training programs by educational institutions in the area have not been very important to the high technology employers, as they want to train their own employees. However, programs in management and accounting, for example, have been used to good advantage by the business management.
- The two major problems faced by high technology firms are financing and governmental regulations. High interest rates and the multiplicity of government forms are often cited as major problems. Neither problem seems to us to be particularly characteristic of rural areas, however.
- Most employees are recruited by word of mouth or from "walk-ins." Several firms doing the least skilled assembly, however, used the Employment Development Department's job placement service.
- A significant number of the smallest firms are simply assembly subcontractors and pay minimum wages or slightly above. The larger firms have achieved the balance of technicians to assemblers currently average for the industry -- about one third of the employees in management, engineering, and technical occupations, a modest number of skilled workers, and the rest assemblers with low to medium skill levels. In the Grass Valley Group, for example, about 40% of their 900 workers are technical, with the rest machine operators and assemblers.

Thus, while California has grown very slowly in manufacturing overall, we know about several thousand new jobs in high technology related enterprises throughout the state. While these are barely compensating for the decline in lumber, they are clearly a dominant growth industry in California's rural areas.

Services

Employment in the service producing rather than the goods producing industries in nonmetro California clearly dominates employment to a degree not found in other rural states. Since we wrote our book, patterns have changed relatively little. Government employment has slowed a little due to the impact of tax reductions (Proposition 13, which passed in 1978, reduced local revenue from property tax by about half), although government employment showed marked increases during the period under study. Personal and professional services continued to exhibit rapid growth, sustaining a 10% per year average begun in 1965 as computed from the earlier data (Bradshaw and Blakely, 1979: 55). Service employment between 1973 and 1980

created 48,500 new jobs, exceeding trade (44,700) and government (44,000) as the leading new job creator. Unfortunately, it is impossible to know how much of this job growth is in professional jobs which pay well, and how much is in tourist services or fast food operations which pay poorly and have little opportunity for job advancement. We do know that professional services have been increasing significantly in many areas of the state and that the newcomers are largely responsible for many of the new professional job opportunities (Bradshaw and Blakely, 1981). The rapid growth of finance, insurance, and real estate employment is in part a consequence of the continued expectation that the rural counties will grow in the future, and in part it is to provide services that were not available in the area. It remains unclear, however, why this type of employment has increased so much faster than other service categories.

Organizations and Institutions in Rural California

Two main themes emerge from an ongoing analysis of California's rural organizational and institutional structure. First, many organizations are practicing a great deal of innovation in combining public and private responsibilities in new ways to meet pressing rural needs. Second, public organizations are experimenting with a variety of new ways of linking and coordinating with each other, including the use of circuit riders to deal with everything from land use fraud to social welfare delivery systems. As we have noted earlier in our book, the level of organization in California is exceptional and provides an effective base for a large number of economic development programs. These programs link colleges, service providers, local government, and private developers in an expanding number of ways. Although recent funding cuts have shaken the viability of some of these organizations, most are surviving at a lower level of activity and are making use of their diversified sources of funding.

The Superior Economic Development District, serving the four counties in the northeast corner of the state, is an excellent example of a non-profit organization which links public and private interests and which is controlled by a board made up of elected officials (two-thirds) and businesspersons from the area. With a professional staff and a variety of funding sources, they have created an effective million dollar revolving loan fund that has leveraged four million dollars in private funding and generated 200 jobs. For example, in one of the towns affected by the closing of a mill, this funding enabled some of the employees to buy part of the mill and engage in specialty lumber milling projects. Moreover, the district has assisted in processing over three million dollars in SBA loan applications and other funding for small businesses. They have taken up much of the job creation, technical assistance, and industrial recruitment programs in the area, joining efforts of the state (EDD and CETA) with other local efforts. Finally, they have negotiated with the private sector to develop an additional 395 acres of industrial property in three different locations in the district. It has become clear that the major thrust of the District has not been infrastructure development as a means to do economic development, but the creation of new mechanisms for financing and technical assistance. While the history of economic development in rural areas has been to create new roads, sewers, and other infrastructure facilities, groups such as the Superior Economic Development District have effectively found new ways to combine public programs and funding with growing business opportunities in rural areas.

A number of other organizations have been pursuing a similar path of linking public and private activities in new and creative ways. North Coast Opportunities has created a number of job programs which lead to the establishment of successful businesses. The Northeastern Higher Education Council has been doing effective economic development through its member colleges and the local businesses in the area. The Rural Community Assistance Corporation has recently become well established after splitting from a self help housing project in the western states. They provide technical assistance on sewer, water and housing projects, and recently have

begun an ambitious effort to provide specialized technical training programs for 80 rural groups who need assistance in making their organizational structure more effective. But all is not rosy. Sierra Economic Development District, representing three counties in the central foothills, is now staffed by only two persons after a high of nearly a dozen, and only now are they finding ways to be effectively linked to other economic development organizations in their member counties. They are providing excellent technical assistance for electronics firms wanting to locate in their area, and are building the base for a diversified rural economy.

Within the public sector of California's rural organization, the main thrust is the creation of new and varied linkages between local governments and other governmental entities. Although there is an extensive range of relations being implemented, a number may be described. First, in an effort to reduce overlapping jurisdictions and to mediate between competing interests, the legislature created within each county a Local Agency Formation Commission (LAFCO) that regulates the boundaries of cities and special districts, and controls incorporations and annexations. The LAFCOs are treating some critical problems such as the location of business and commercial space, with obvious economic development implications. Moreover, there are a number of ways in which municipalities are organizing themselves as alternatives to incorporation. The Municipal Advisory Commission (MAC) and Area Planning Commission (APC) are two alternatives which provide rural communities and clusters of communities with the capacity to engage in planning and community self governance. These organizations are effective for small communities which do not want the cost and burden of incorporation but do want an increased role in shaping their futures in large counties.

Another form of linkage is the use of circuit riders for a variety of functions which are too specialized for a generalist employee of the county or community, but which are needed broadly by a number of places. Mobile social service programs are one example of how this can work effectively. Similarly, certain medical programs have been formalized between communities using the circuit rider concept. In Placer County a county-cities economic developer program has been proposed as a limited Joint Powers Agreement. Other uses include circuit riders to enforce certain provisions of the land use code whereby developers fraudulently avoid subdivision requirements. Circuit riders are important because the detection and prosecution of these offenders is too costly for any one county.

Heading the efforts for more cooperation and coordination between units of California rural government is a recently conducted effort by the state to develop a "Foothills Plan." This effort has focused on the 13 fastest growing rural counties as a planning group for the purpose of coordinating rural development with local and state policy. The state administers many of the permits required for rural development, and thus the Foothills Plan and its counterparts will be important in helping shape the character of the state's rural future.

Policy Considerations

Rural California is experiencing some of the most rapid growth of any of the rural areas we explored in the present study, and the state's experience demonstrates that significant policy relevant problems are present even in rural areas with a high degree of affluence, a very capable governmental structure, and ample historical experience with growth. The growth itself presents some critical challenges in terms of competing land use and prices that put indigenous residents at a great disadvantage. Farm land is being lost to housing and commercial development, and communities lack the capacity to construct the infrastructure which the growth requires. These themes have emerged in the most rapidly growing areas of other states as well, and thus we will only mention them here. A number of other policy challenges seem more particularly pertinent to the California experience.

- The diversity of California's rural growth presents a considerable challenge in terms of the variety of competing interests which need to be coordinated. Closely juxtaposed to one another are growing retirement, professional and tourist communities, communities desiring to restrict growth, and declining agricultural and mill communities. Effective policy which bridges this gap is difficult to fashion.
- The dominance of the service sector may either indicate that the state's rural areas have a sophisticated and futuristic mix of industry, or that rural areas have the opportunity to develop much more manufacturing and achieve a better economic balance. The analytical tools for understanding this issue are lacking.
- High technology and professional industries have a strong position in the employment patterns in nonmetropolitan California. The growth that these types of employment bring needs to be balanced with the needs of the long time resident with lesser skills.
- More financial and technical assistance needs to be given to the small businessperson and small farmer in the state. We have seen that these are growth areas in the state, and they need to have the same amount of attention that new businesses receive.
- New legal and administrative bases need to be created for the more efficient operation of joint public and private organizations in the state. The variety of organizations found today are largely ad hoc in their structure and relations with the state and federal governments. A better understanding of the role of various types of organizations and their best function is needed.
- The state has played a rather neutral role in rural development, being both a stimulus to better economic development and growth and a cause of problems. The state needs to define a clear role for itself in support of local initiatives that respond to problems of rural growth while promoting the best interests of the state as a whole for agricultural production, water, transportation, recreation, ecological protection and a high quality of life for all Californians.

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Appendix 1

MAP OF CALIFORNIA COUNTIES

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WESTERN URBAN AND RURAL DEVELOPMENT: EMERGING CONFLICTS AND PLANNING ISSUES

Phil Shapira, Nancey Leigh-Preston
Edward J. Blakely, and Ted K. Bradshaw

Introduction

The West has traditionally been viewed as economically and socially distinct from the rest of the United States.* This has been particularly true in popular culture where the Western region has been seen as a frontier -- an area of opportunity from which to escape the problems of the older Northeast, Midwest and South. Yet, while in many respects the development experience of urban and rural areas in the West has been distinct, we believe (to the extent it was ever the case) that the West can no longer be seen as separate or isolated from the rest of the country. The key problems and processes of change now affecting the West are fundamentally similar to those affecting the nation as a whole. Understanding the broader forces underlying these problems and changes is essential if planners are to focus their efforts and increase their effectiveness in pursuing progressive and more equitable development within the West.

Recent research has, in fact, aimed to grasp the nature of growth in the West in the context of a general analysis of regional development in the United States (Weinstein and Firestine, 1978; Fox, 1978). This paper seeks to build upon such existing work, first, by re-examining how developments in industrial and economic structures are changing both rural and urban areas in the West. In this re-examination, the paper pays particular attention to the interaction of sectoral and technological changes with patterns of spatial development, including shifts from urban to rural locations. Second, the paper explores how these changes are tied to the emergence of some critical conflicts and issues which planners in the region now need to consider and address. Third, in light of these developments and emerging issues in the West, the paper will look at the capacity of planning to respond -- an examination which will question whether the current approaches and tools used by planners are adequate for the task. We will argue that because the forces shaping the West are neither isolated nor specific to the region, planners must look beyond their spatial and professional boundaries and seek broader alliances and new approaches if they are to pursue effective solutions to the problems generated by the development process.

The Context of Change

Analysis of economic change and development in the West has to be tempered by a recognition of two factors -- its physical characteristics and its particular historical context. In a physical sense, the sheer geographical size of the region, the scarcity of water, the ranges of climate and topography, and the possibilities for agricultural and mineral development have always influenced the character of development in the West. Similarly, Western economic development has also been moulded historically by such factors as its late industrial and political development in relation to the East, the absence of slavery (in comparison with the South), struggles over land, the special role of California (to use McWilliams' [1949] phrase, "the Great Exception"), and the key role played by the federal government in stimulating economic growth.

However, as subsequent sections of this paper illustrate, the contemporary process of economic development in the West is increasingly independent of natural

*In this paper, the West is taken to comprise the Pacific states (Washington, Oregon, and California) and the Mountain states (Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, and New Mexico).

resource and physical factors, except for the specialized case of energy resource development in the Mountain states. Moreover, even to the extent that physical considerations in the West are important (and this is not to say that they are unimportant), they do not directly control patterns of development. Decisions about development in the region -- about when and in what way economic activities will occur -- are determined primarily by a broader set of factors, such as national and international market conditions, the structure of industry, developments in the work process, and changes in the relationship of capital and labor (see: Markusen and Schoenberger, 1981).

Thus, the physical and natural resource characteristics of the West continue to provide the specific terrain with which contemporary changes interact, just as earlier historical and economic structures provide a context for current economic developments. However, as the West has become fully integrated into the national and international economy, the leading factors now influencing patterns of economic change and development in the region are less intra-regional or regional specific and more related to a series of broader developments currently affecting the U.S. economy. These broader developments, which have increasingly characterized economic change throughout the United States since the 1960s, might be summarized as follows:

(1) spatially-uneven growth and change -- a process which has led to major reversals in historic patterns of growth in urban and rural areas, the nation's regions, and the U.S. itself in the context of international development;

(2) fundamental shifts in relationships between and within economic sectors, including the movement away from goods-production and towards service-performing activities, as well as increasing business concentration and centralization within individual sectors;

(3) increased polarization, segmentation, and inequity in labor markets;

(4) new technological developments, which have changed (or are changing) the nature of work in many instances, as well as increased the capacity to relocate certain production and service activities;

(5) slow aggregate economic growth and poor productivity performance -- even though some sectors and spatial areas have seen rapid growth, the U.S. economy as a whole has been performing increasingly poorly.

It is recognized that these five developments/processes all interact with each other and that objections might be raised about this particular way of categorizing and analyzing change. Nonetheless, for the purposes of this paper, this schema is useful in allowing a more careful examination of the components of change. In the following section of the paper, a fuller explanation is provided of the five developments and their impact on the West. Subsequently, there is also an examination of how these developments have led to the emergence of critical problems and conflicts which planners need to address. For example, changes within the technical process of work mean that often different kinds of jobs are required, and this has implications for labor market and occupational structures.

Uneven Spatial Development. There are many parts of the West, including many of the region's rural areas, which are at the leading edges of economic growth. At the same time, other areas in the region are economically stagnant or, indeed, are experiencing quite severe economic decline. Similarly, where there is growth, as in numerous Western rural areas, it has become clear that not all groups share fairly in accruing benefits. Thus, while the overall processes of change affects the whole region, it is clear that there are specific and different implications for particular areas and groups. This *intrinsic* uneveness and inequality adds considerably to the generation of issues and conflicts facing planners.

Uneven spatial development is, in fact, by no means a new characteristic of U.S. economic development, but it is one which continues to have great impacts on the form of economic change in both the West and the U.S. as a whole. It is true that on a per capita income basis, there has been a convergence between the nation's regions. In particular, the traditionally low per-capita income South and the traditionally high per-capita income West are now both nearer the national average. However, these mean figures mask substantial details about inter- and intra-regional disparities which continue to be reproduced through the developmental process.

In recent decades, the directions that spatial development have taken in the U.S. can be characterized in two ways. On the one hand, both people and jobs have shifted out of the older regions of the North (the "frostbelt") to the South and West (the "sunbelt"). From 1970-79, the Northeast and North Central regions experienced a *net* outmigration of over 3.6 million people, of whom 2.1 million went to the South and 1.5 million to the West (Bureau of the Census, 1980). And, from 1962-78, the South and West jointly added 7.3 million more jobs than the Northeast and North Central Regions (Haren and Holling, 1979).

The West (as part of the "sunbelt") has gained a disproportionate share of these additional people and jobs. From 1950 to 1980, the West's population grew by 110.3%, compared with 60.4% in the South (the North Central region grew by 31.7% and the Northeast by 24.0% -- see Tables 1 and 2). During the 1962-78 period, the number of jobs in the West grew by 81%, compared to a national increase of just under 54% (Table 4). In fact, in the post-1945 era, the West has been the fastest growing region in the United States, although the general slowdown in the nation's rate of growth is now slowing down the overall pace of development in the West.

The other major direction of spatial development has been the increased importance of nonmetropolitan areas in the overall economy (Tables 1, 2 and 5). Indeed, in the 1970s and 1980s, there has been a reversal of the pattern of overall population stagnation or decline which many rural areas have experienced since the turn of the century. From 1970-80, U.S.D.A. (1981) reports that population increased at a higher rate in U.S. nonmetro rural and small town communities (15.4%) than in metropolitan areas (9.1%). (Table 2). The nation's nonmetropolitan areas have also seen major increases in jobs. Nonmetropolitan employment increased nearly 15% faster from 1962-78 than in metro areas (Haren and Holling, 1979).

One particularly strong source of nonmetro growth has been new manufacturing employment. During the period 1962-1978, 1.8 million manufacturing jobs were added in nonmetropolitan areas, compared with about 1.4 million in the metropolitan areas. In other words, of all the manufacturing jobs added to the U.S. economy during this period, 56% went to nonmetro areas (which had just 30% of all manufacturing employment at the start of the period in 1962). In contrast, the metropolitan areas received only 44% of the additional manufacturing employment (although these areas had 70% of all manufacturing jobs in 1962). Most of the additional manufacturing jobs in metro areas developed in the 1960s. During the 1970-78 years, metro manufacturing fell absolutely by over 500,000 jobs. Nonmetro areas, however, continued to gain manufacturing jobs during the 1970-78 period, although at a somewhat slower rate than in the 1960s.

Compared with the other three major regions of the country, the West has had the highest metropolitan growth rates over the post-war period. However, the West has experienced a slowdown in its rate of metropolitan growth -- from 47.6% during 1950-60 and 28.4% from 1960-70, to 21.2% from 1970-80 (Table 2). The slowdown in metropolitanization is most apparent in the Pacific states (Table 3).

Table 1

POPULATION GROWTH BY REGION
(in millions)

	1950	1960	1970a	1970b	1980
			Metropolitan		
WEST	14.8	21.9	28.1	27.9	33.9
Mountain	2.3	3.7	5.0	4.8	6.7
Pacific	12.5	18.2	23.2	23.2	27.1
SOUTH	24.6	32.8	40.0	39.4	47.3
NORTH-CENTRAL	28.6	35.3	39.9	39.1	39.8
NORTHEAST	33.2	37.9	41.7	42.5	41.6
UNITED STATES	101.2	127.8	149.7	148.8	162.5
			Non-Metropolitan		
WEST	5.3	6.2	6.7	6.9	9.1
Mountain	2.8	3.2	3.3	3.5	4.6
Pacific	2.6	3.0	3.4	3.4	4.5
SOUTH	22.6	22.2	22.8	23.5	27.5
NORTH-CENTRAL	15.9	16.4	16.7	17.5	18.9
NORTH-EAST	6.2	6.7	7.4	6.6	7.4
UNITED STATES	50.1	51.5	53.6	54.4	62.8
			Total		
WEST	20.2	28.1	34.8	34.8	42.5
Mountain	5.1	6.9	8.3	8.3	11.3
Pacific	15.1	21.2	26.6	26.6	31.6
SOUTH	47.2	54.8	62.8	62.8	75.7
NORTH-CENTRAL	44.5	51.6	56.6	56.6	58.6
NORTH-EAST	39.5	44.7	49.1	49.1	49.0
UNITED STATES	151.3	179.3	203.3	203.3	225.3

Source: 1950,1960,1970a -- U.S. Bureau of the Census (1980), SMSAs defined as of November 1978. 1970b and 1980 - U.S.D.A. (1981), SMSAs defined as of 1974.

Table 2

POPULATION CHANGE BY REGION
Per cent Change

	50-60	60-70	70-80
Metropolitan			
WEST	47.6	28.4	21.2
Mountain	60.3	34.8	40.6
Pacific	45.2	27.2	17.1
SOUTH	33.2	22.2	20.1
NORTH-CENTRAL	23.4	13.1	1.6
NORTHEAST	14.1	9.8	-2.0
UNITED STATES	26.3	17.1	9.1
Non-Metropolitan			
WEST	15.1	9.1	31.8
Mountain	14.3	4.9	31.6
Pacific	16.0	13.5	32.0
SOUTH	-1.7	2.5	17.1
NORTH-CENTRAL	3.0	2.2	7.8
NORTH-EAST	8.0	9.6	12.4
UNITED STATES	2.8	4.1	15.4
Total			
WEST	38.9	24.1	23.3
Mountain	35.1	20.9	36.8
Pacific	40.2	25.2	19.1
SOUTH	16.5	14.2	20.6
NORTH-CENTRAL	16.1	9.6	3.5
NORTH-EAST	13.2	9.8	-0.1
UNITED STATES	18.5	13.3	10.8

Source: 1950, 1960 - U.S. Bureau of the Census (1980), SMSAs defined as of November 1978. 1970, 1980 - U.S.D.A. (1981), SMSAs defined as of 1974.

Table 3

POPULATION CHANGE BY WESTERN STATES, 1970 - 1980

	Metropolitan			*NonMetropolitan*		
	1970 000s	*1980* 000s	*Change* %	*1970* 000s	*1980* 000s	*Change* %
Nevada	394	656	66.4	94	144	52.8
Arizona	1,323	2,037	54.0	453	677	49.5
Utah	843	1,153	36.7	216	306	41.7
Wyoming	--	--	--	332	469	41.1
Colorado	1,597	2,057	28.8	613	821	34.1
Idaho	112	173	54.0	601	771	28.3
New Mexico	333	449	34.7	684	847	23.8
Montana	169	188	11.3	525	595	13.4
Mountain	4,832	6920	43.2	2,928	3,927	34.1
California	18,638	21,717	16.5	1,333	1,800	35.0
Washington	2,491	2,927	17.5	922	1,183	28.3
Oregon	1,566	1,281	22.3	811	1,051	29.6
Pacific	22,695	25,925	14.2	3,066	4,034	31.6
*WEST**	27,527	32,845	19.3	5,944	7,961	33.9

*Excludes Alaska and Hawaii.

Source: U.S.D.A. (1981), Metropolitan status as of 1974

Nonmetropolitan areas in the Pacific states are now seeing the fastest rates of population increase. In the Mountain states, metropolitan growth proceeded rapidly in the 1970s -- faster, in fact, than the rate of nonmetropolitan growth. Arizona and Nevada were the leading Mountain growth states in terms of the rate of both metro and nonmetro population increase (Table 3).

Developments in the spatial allocation of growth can also be seen by examining the experience of the West's major cities. In the 1950s, seven major metropolitan areas (Los Angeles-Long Beach-Anaheim; San Francisco-Oakland-San Jose; Denver-Boulder; Phoenix; Portland; San Diego; and Seattle-Tacoma) accounted for 67% of the West's population increase. These seven metro centers accounted for 69% of the West's population growth in the 1960s. However, from 1970-77, the share of population growth taken by the seven metro centers declined to 42%. Nonmetropolitan areas, on the other hand, increased their share of regional population growth from 10% in the 1950s and 8% in the 1960s to over 28% in the 1970-77 period. Medium-to-small metropolitan areas (under 1 million people in 1977) saw their share change from 22.5% in the 1950s to 29.6% from 1970-77 (U.S. Bureau of the Census, 1989: SMSAs defined as of 1978).

With respect to jobs, many of the West's rural areas have seen significant increases in non-agricultural employment. In a number of rural towns in the Mountain states, there has been rapid energy boom-town development (Markusen, 1978), while the in-migration of skilled professionals has led to new employment generation in several rural counties of Northern California (Bradshaw and Bakely, 1981). However, while nonmetropolitan economic growth has been increasingly important in the

West, the emphasis given to it needs to be somewhat qualified. First, there are substantial rural areas in the region which are currently in an acute state of economic depression -- for instance, the lumber-based rural communities of Northern California, Washington, and Oregon. Second, when compared with the South, nonmetropolitan industrialization in the West is not quite so remarkable. In contrast to the Northeast and North-Central regions, the West (like the South) has added a significant amount of new manufacturing employment -- the West netted 760,000 new manufacturing jobs from 1962-78. But the absolute number of manufacturing jobs added in the West has been much smaller than in the South, which gained 61.4% or nearly two million of the 3.25 million new manufacturing jobs in the U.S. from 1962-78. Moreover, the spatial allocation of manufacturing jobs has been different. Within the South, the added manufacturing jobs have been divided roughly equally between metro and nonmetro areas. On the other hand, in the West only 25% (190,000) of new manufacturing employment went to nonmetropolitan areas. Even where industry has located in nonmetro areas in the West, there is some evidence that many of these jobs were locating on the fringes of the West's metropolitan areas (Petrulis, 1979).

Within the West, however, there are some significant differences in industrial development. The Pacific region, which saw an annual change in manufacturing employment of 4.7% from 1950-65, dropped to annual change averages of 1.9% from 1965-70 and 1.0% from 1970-77. The Mountain states, on the other hand, went from an average annual manufacturing jobs change of 4.9% (1950-65) and 5.1% (1965-70) to 2.1% during 1970-77 (Jackson, 1981). The Pacific region, which was one of the nation's industrial leaders during the 1950s and early 1960s with industries like aerospace, automobiles, and electronics, has now slowed down substantially and seems to have reached a stage of industrial maturity.

Developments in the electronics industry show the maturity of the Pacific region (particularly California) quite well. In the 1950s and 1960s, the leading center of the industry -- Silicon Valley in California's Santa Clara County -- saw remarkable increases in employment and population growth. But in the 1970s and 1980s, as Silicon Valley has become increasingly congested and as products and labor requirements have changed, semi-conductor production has tended to be shifted elsewhere, especially to facilities in New Mexico, Utah, Oregon, and other western states. The electronics industry has also shifted jobs to other areas of the country (e.g.: Texas and North Carolina), as well as overseas. The jobs that have been shifted out to other areas have usually been the more routinized, lower-paid production jobs, while headquarters, research, and management jobs have concentrated in Silicon Valley (Saxenian, 1981).

It has been argued that the shift of new industrial activity in the United States to nonmetropolitan areas can be explained by developments in manufacturing product cycles (Erikson and Leinbach, 1979). As production develops, a mature stage is reached where there is little technical innovation and the work process becomes routinized. It then becomes feasible to geographically move production to areas where cheaper, less-skilled labor is available. Paradoxically, the plants that are shifted to these low-labor cost areas are often capital-intensive (because they tend to embody efficient technology). In general, the product cycle explanation works well in accounting for the industrial growth of the South, where in both urban and rural areas branch plants (e.g.: in textiles, electronics, and light manufacturing) have been established to exploit available supplies of less-skilled labor. Invariably, the workers employed have been non-unionized, and often they have been female workers drawn into the labor force. Increased corporate and conglomerate ownership, together with developments in technology and transportation have facilitated this process (Moriarty, 1981).

In the West, the tendencies towards "industrial filtering" and the spatial division of labor are evident, but developments have not proceeded in exactly the same way as the South. The industries making the greatest contributions to the employment developments in the West have often required higher than average proportions of skilled and professional workers (as opposed to the less skilled labor used in the South). These workers have typically been imported, in part explaining the substantial migrations of population to the region. (Mollenkopf, 1980) This is particularly true in the Pacific states (especially California), which have a history of industrial and economic development going back comparatively further than the rest of the West -- a process initiated in part by the initial isolation of the Pacific region from the Northern manufacturing belt and the need to develop mining and milling equipment (McWilliams, 1949). The role which the West Coast continues to play in industrial incubation and the development of highly skilled research, development, and production activities is evident in sectors like electronics (Silicon Valley) and aerospace (Seattle). There are also accompanying and well-developed centers of commerce and finance (San Francisco and Los Angeles), as well as key educational institutions (e.g.: the University of California and Stanford) which have been integral to the fostering of new business and industrial development. Furthermore, the Pacific states also have had strong union traditions and have never been low-wage areas in comparison to the South. Thus, although part of the "sunbelt" and a receiver of substantial amounts of growth, the Pacific region has quite a different development history and economic function than the South.

In the Mountain States, however, the picture is quite different. Four of the states -- Nevada, Arizona, Utah, and New Mexico -- are "right-to-work" states, and most of the states have far less of an industrial base and tradition. Industry, including electronics and machinery, has found it profitable to relocate certain aspects of their production processes to some of these Mountain States (as well as to the South and overseas). Industrial capital has also shifted to the Border Area -- the zone stretching across the border between Mexico, California, Arizona, New Mexico, (and Texas). U.S. plants have located just across the border to utilize relatively cheap Mexican labor to perform routine assembly and production tasks (Hansen, 1981). More complex tasks and management functions have remained on the U.S. side of the border. Developments along the border present perhaps the most explicit illustrations of how industrial filtering has led not just to a new spatial division of labor, but also an *international* spatial division of labor. Importantly, this international division of labor has had repercussions extending far into the West itself. In Arizona and California (especially in Los Angeles), hispanic labor from across the Mexican border has been drawn in to perform the worst, least-well paid, and most unskilled work now required in both the manufacturing and service sectors.

Overall, the spatial form of economic development affecting the West has been rather uneven. In an aggregate sense, development has been uneven when the relatively fast rate of growth in the West (and South) is compared with that of the North. There has also been a marked uneveness in development across the frontier with Mexico in relationship to development in the Western U.S. border states. Within the region itself, there have been important differences in the contemporary pace and character of development in the Mountain States when compared with the Pacific States. Moreover, there have been differences between and among metropolitan and nonmetropolitan areas. As we shall see, the various contrasts and differences generated through the uneven process of spatial development lead to the simultaneous generation of conflicts and planning issues.

Sectoral Changes. The fundamental spatial changes which have affected the United States and its regions have been paralelled by major sectoral changes in the relative importance of different economic activities in the economy. These sectoral

developments are the second major feature of contemporary economic change affecting the Western region.

In 1962, the goods-producing sector of the U.S. economy (manufacturing, construction, and mining) accounted for 36.5% of total non-farm employment, while service-performing activities (trade, services, finance, insurance, real estate, and government) accounted for 56.5%. By 1978, the U.S. goods-producing sector had fallen in relative size to 29% of total employment, whereas service-performing activities had grown to 65.3% of all jobs (Haren and Holling, 1979). Agriculture, which as recently as 1960 had employed 8.3% of the total U.S. labor force, occupied only 3.4% of all workers in 1979 (Bureau of Labor Statistics, 1980).

In sectoral terms, the West has seen even more of a shift to service performing jobs than has the nation (71% of the West's employment is in service-performing jobs, compared with 65% nationally), while comparatively fewer (5 percentage points fewer) of the West's workers are engaged in goods production than in the U.S. as a whole (Table 4).

The service-performing sector of the West grew more than 27% faster than the nation's over the 1962-1978 period and, within the region, has been responsible for the creation of the largest amount of new employment. The leading sources of new service-performing jobs have been trade, government, and business and personal services, respectively. An important portion of this new growth has been generated through recreational and tourist development (e.g.: Nevada, Northern California, and Colorado) and through increased numbers of people retiring in the region (e.g.: Southern California, Arizona). These developments have undoubtedly helped to create new jobs in service-performing activities such as trade, restaurants, hotels, and health-care.

The largest increases in service-performing jobs have occurred in the West's metropolitan areas. Trade, services, and finance, insurance and real estate accounted for over 60% of net new jobs in the Western cities from 1962-78. Importantly, however, these same sectors accounted for just under 51% of net new nonmetropolitan jobs in the West over the same period. Service-performing activities, notwithstanding the important debate about nonmetropolitan industrialization, are thus the leading sources of new jobs in the West's rural areas too.

In accordance with national trends, agriculture in the West has become relatively less important. In 1950, 188 counties in the Mountain states and 61 counties in the Pacific states received at least 20% of their income (proprietors' and labor) from farming. In the period 1975-77, only 67 Mountain counties and 23 Pacific counties depended on farming for more than one-fifth of their income (Hoppe, 1981). These changes are, in part, related to technical advances in agriculture which have released people from the land (and the West has been particularly prominent in agricultural mechanization). In addition, the growth of non-farm employment in rural areas has far outdistanced farm employment as a source of income.

A further form of sectoral change has been the shift in power and control that has continued to occur within and across industries and economic sectors (including agriculture). In 1960, for example, the 200 largest Fortune industrials controlled 54.5% of all U.S. mining and industrial corporate assests and 44.7% of sales. By 1977, the largest 200 had 62.4% of mining and industrial assets and 66.6% of sales (U.S. Department of Justice, 1979). The extent of this corporate centralization is indicated by statistics which show that 79% of new manufacturing jobs generated in Western branch plants between 1969 and 1976 were controlled by corporations located outside the West (Birch, 1981). Comparable figures were 84% for the South, 41% in the North Central region, and 47% for the Northeast. Interestingly, although the West has a pro-

Table 4

EMPLOYMENT BY INDUSTRY
UNITED STATES AND THE WEST, 1962 - 1978

	1962 (000)	*1978* (000)	*1962-78* *% Change*	*1978* *Sector Share*
		United States		
Goods Producing	19,759	24,192	22.4	29.0
Manufacturing	16,622	19,870	19.5	23.8
Construction	2,495	3,644	46.1	4.4
Mining	642	678	5.6	0.1
Service Performing	30,572	54,437	78.1	65.3
Private Sector	21,572	38,492	78.4	46.2
Trade	11,215	18,547	65.4	22.3
Services	7,613	15,420	102.8	18.5
F I R E (a)	2,754	4,925	64.3	5.9
Government	9,000	15,945	77.2	19.1
T C U (b)	3,861	4,694	21.6	5.6
TOTAL U.S.	54,192	83,323	53.8	100.0
		West		
Goods Production	2,590	3,656	41.2	23.7
Manufacturing	1,979	2,737	38.3	17.7
Construction	495	753	52.1	4.9
Mining	116	166	43.1	1.1
Service Performing	5,308	10,896	105.3	70.6
Private Sector	3,554	7,586	113.4	49.1
Trade	1,843	3,590	94.8	23.3
Services	1,291	3,112	141.1	20.2
F I R E (a)	420	844	110.5	5.5
Government	1,754	3,310	88.7	21.4
T C U (b)	631	888	40.7	5.8
TOTAL WEST	8,529	15,440	81.0	100.0

*Non-farm wage and salary employment

a. Finance, insurance, and real estate
b. Transportation

Source: Haren and percent Holling (1979).

Table 5

METRO AND NONMETRO AREAS IN THE WEST
EMPLOYMENT CHANGE, 1962-1978

	1962-78 Change	*1962-78 Change*	*1962-78 % of Area*
Metropolitan (West)			
Goods-producing	755	34.8	14.0
Manufacturing	570	33.0	10.6
Construction	165	40.7	3.1
Mining	20	52.6	0.4
Service-providing	4,412	102.5	82.1
Private Sector	3,254	108.8	60.5
Trade	1,375	90.0	25.6
Services	1,489	136.5	27.6
F I R E (a)	390	104.6	7.3
Government	1,158	88.1	21.6
T C U (b)	206	40.7	3.8
METRO TOTAL	5,373	77.0	100.0
NonMetropolitan (West)			
Goods-producing	311	73.7	20.2
Manufacturing	188	74.0	12.2
Construction	93	103.3	6.0
Mining	30	38.5	1.9
Service-providing	1,176	117.2	76.5
Private sector	778	138.2	50.6
Trade	372	117.7	24.2
Services	332	166.0	21.6
F I R E (a)	74	157.4	4.8
Government	398	90.5	25.9
T C U (b)	51	40.8	3.3
NONMETRO TOTAL	1,538	99.2	100.0
TOTAL WEST	6,911	81.0	--

a. Finance, Insurance, and Real Estate
b. Transportation, Communication, and Utilities

Source: Haren and Holling (1979)

portionately large service-performing sector, 68% of new Western service jobs in branch facilities were controlled by firms headquatered outside the region, compared with a figure of 25% for the South. Although the West does control a larger share of its new trade branch facility jobs (45%), these figures suggest that when multi-plant firms do create new jobs in the region, more often than not those jobs are going to be controlled by firms headquatered outside it.

The sustained growth in corporate concentration and centralization bears a relationship with uneven spatial development, as well as with sectoral and occupational change. On the one hand, corporate control has also become less localized and more concentrated in the major business centers (Dicken, 1976). In the West, this has stimulated the development of key business and financial centers like San Francisco, Los Angeles, Denver, and Phoenix. This, in turn, has given rise to increased numbers of professional, clerical, and service workers in these cities (Mollenkopf, 1980). At the same time, the concentration of business activity in major regional, national, and international corporations has enhanced the capacity to shift economic activity, particularly in manufacturing, across the Western region (and elsewhere).

Labor Market Polarization. The restructuring of employment and economic sectors in the United States has been associated with an increasing degree of segmentation and inequity in labor markets. Many of the new jobs which have been created in the economy in both the frostbelt and the sunbelt have been low-wage, low-skill jobs (Harrison and Hill, 1978). Often these jobs have been located in the service-performing sector of the economy, although many "bad" jobs have also been added to manufacturing. The bad jobs have been disproportionately allocated to women and racial minorities (Gordon, 1979). On the other hand, the growing employment sectors of the economy in recent decades have also needed many professional, managerial, and technical workers. The emerging picture of the contemporary labor market thus seems to be increasingly dualistic -- large increases in low-paid, low-skill service jobs, smaller increases in more highly regarded "good" jobs, and a relative dearth of traditional middle-range blue-collar occupations (Rothschild, 1981). This polarization within the labor market has reinforced economic and social inequity and is the third characteristic of contemporary U.S. economic growth.

The West has been deeply affected by these labor market developments -- indeed, the region has probably led the way in these changes. As we have seen, the West has had a relatively larger increase in service-performing jobs than other regions. This development is reflected in the occupational composition of the West's labor force. In 1976, the largest occupational groups in the region were: clerical workers; professional, technical, and kindred workers; service workers; and managers and administrators. Compared to the U.S., Western employment was less represented (-4%) in the operative category, and slightly more represented (+2%) in the upper white-collar groups of professional, technical and kindred workers, and managers and administrators. But, as has just been suggested, the high proportion of Western employment in services is not necessarily an entirely benign development. The West has seen substantial increases in employment in consumer services (e.g.: retail clerks or waitresses) and in business services (including typists, clerks, etc.). Such jobs tend to be at the bottom end of the wage structure and present few opportunities for self-development or career growth (Stanback, 1979).

Technological Development. The fourth feature of contemporary economic change -- sustained technological development -- is, in a sense, embodied in all of the characteristics of development already discussed. Technological developments in transportation, telecommunications, and computing -- together with the growth of

large corporations -- have facilitated the capacity to relocate certain production and service activities across space. Importantly, technological progress does not necessarily have to intensify uneven spatial or social development. However, usually the way the business sector has applied technology has increased uneveness. For the West, this point is well illustrated by the uneven spatial restructuring of the electronics industry in California previously mentioned.

In addition to advances which facilitate shifts in production, the character of work itself has, of course, been continuously subject to technological change and deskilling (Braverman, 1974). Technical developments in the work process have been seen throughout the Western region, for example: in the mechanization of agriculture or the dismantling of the traditional printing trades in a city like San Francisco. In recent years, it has seemed that jobs in both factories and offices are becoming increasingly vulnerable to new technologies. Currently, secretarial and office work throughout the West, but particularly in the major corporate centers, is being subject to new technology and broken down into component parts (e.g.: word processing, data management, etc). If estimates that more than 45 million U.S. jobs are vulnerable to automation during the next twenty years are correct (Business Week, 1981a), then technological change in the work process is likely to become a still greater issue in the West in the future.

Poor Aggregate Economic Performance. At the same time as the United States has seen uneven spatial development, major sectoral changes, increased labor market polarization, and continued technological change, the economy has been performing increasingly poorly in overall terms. For example, manufacturing productivity, which grew at an annual rate of 2.4% from 1965-73, slowed to just 1.2% growth annually during 1973-80 (Business Week, 1981b). Over the last two years, productivity has actually fallen. This poor performance is reflected in income figures. From 1968-1978, real gross family income grew only by 9%, compared with 41.9% over the 1958-1968 decade (Blumberg, 1980:92).

Although the West has seen rapid growth in U.S. terms compared with other regions, in recent years its performance has dropped. The slowdown in the rate of growth has been greater in the Pacific States than in the Mountain States. Undoubtedly, the reasons for the slowdown are more national than regional in character. While this particular paper is not the place to discuss these reasons, it is important to recognize that the aggregate decline in both the national and regional rates of growth and productivity increase has major implications for the Western region and its planners. Besides the point that poor economic performance increases the vulnerability of jobs in the region to international competition, it also intensifies the problems facing the public sector. Increased fiscal pressures are usually placed on government when there is an economic slowdown, making it harder to maintain levels of public expenditure. Such fiscal pressures are evident among state and local governments throughout the West. Furthermore, as discussed in the next section, an overall climate of poor economic growth adds to the resource constraints of planners in tackling regional conflicts and issues, as well as adding to the political problems inherent in trying to resolve social, economic, and spatial inequities.

Problems, Issues, and Conflicts

We have seen that the forces shaping the West's development have not affected all areas or population groups equally. Development and growth has been uneven, leading to the inevitable emergence of problems, issues and conflicts. This section identifies these problems and discusses the implications for policy and economic development

strategies. Four major problem areas are defined: problems generated through growth and uneven development; problems of declining areas related to industrial restructuring; issues generated by sectoral, occupational, and technological developments; and the pressures generated by slower aggregate growth in both the region and the nation.

Problems of Growth Areas. Although the overall rate of growth in the West is slowing down, growth is still occurring. Moreover, the character of this growth is quite uneven, leading to the development of many problems of concern to planners. These problems can be analyzed at three levels: local problems of growth, regional problems, and international problems.

Local problems of growth. Propertied interests, organized business, and most elected officials usually view growth favorably. However, growth often poses significant problems for the receiving areas and sections of local communities. Since much of the growth in the West is occurring in areas which are not yet highly urbanized (although they may be on the fringes of existing urban centers), the ability of these areas to respond to growth and plan in a rational way is frequently limited. Often the receiving areas are small, less-densely populated municipalities (at times, they are unincorporated areas) which do not have the capacity to meet the demands for public services generated by increased in-migration and economic development. In boomtowns, the growth in local government revenues typically lags behind the establishment of large-scale energy developments or industrial plants. Boomtown developments also tend to give rise to severe environmental problems.

Rapid growth is also being generated in some other parts of the region through other kinds of development. For example, Placer County, California, is experiencing major adjustment problems as it tries to respond to the in-migration of electronics plants, while even non-industrial growth, such as the movement in of retired people now affecting many Western communities, can create problems of public service delivery.

Of course, it is necessary to maintain a realistic perspective on the overall size of the growth problems affecting small city and rural communities. Between 1970 and 1976, 3,000 people moved into Summit County, Colorado, leading to a doubling of the population. On the other hand, in Orange County, California, the population increased by an average of 3,000 every 29 days over the same 1970-76 period, a growth rate of just over 17%. But, while in absolute terms the rate of growth in a rural area like Summit County cannot compare with urbanized Orange County, the relative *per capita* impact is greater for the rural residents. For instance, per capita local government expenditures rose annually by an average of 15.5% in Summit (1972-77), compared with 8.1% in Orange County (Coelen, 1981).

Another aspect to the issue of growth has been the strong emergence in the West of "no-growth" forces. These forces have organized recently around such issues as the MX missile in Arizona and Utah; mining in the Mountain states; and the Peripheral Canal and the protection of forest and agricultural land in Northern California. The intense struggles generated by such conflicts over the use of space have been seen by some in terms of local self-interests versus national interests (Thurow, 1980). However, while this is true in certain cases, increasingly the local conflicts are reflections of broad national conflicts over the character that development should take in the United States. The implication for planners is that these conflicts should be seen not so much as battles over space (which suggests that there might be spatial solutions -- ie: locate elsewhere), but as symptoms of much deeper divisions among different economic and social groups over the direction economic development (in which case, alternative policies are needed).

Regional problems of growth. In addition to specific local problems, the pattern of growth in the West raises issues and conflicts from a regional planning perspective. The location of growth is typically not where it is most needed, which intensifies inequity and leads to concerns about cost-effectiveness. For example, the electronics industry is expanding production facilities in rural (or, at least, semi-rural) Placer County in California. Workers will need to be drawn into the local labor force to support production, and investments in housing and other infrastructure will need to be made to support the workers. On the other hand, Oakland with both an existing industrial infrastructure and large amounts of surplus (often minority) labor, receives very little growth in high technology employment. Similarly, depressed rural areas like Siskiyou County in Northern California or in rural Oregon and Washington (where structural and cyclical changes in the lumber industry have lead to measured unemployment rates of around 25%) also have seen very little new growth.

According to private sector balance sheets, this inequitable allocation of resources is justifiable and quite logical. However, on a public balance sheet, which seeks to take the total costs and benefits into account (tangible and intangible, social and economic, and public and private), this allocation is less desirable. The dilemma for planners is how to overcome this uneveness in the allocation of growth -- a dilemma which has become more acute as the aggregate rate of growth in the region diminishes. Because jobs are scarce, private capital is able to play off communities and states against each other, making it difficult to develop really effective policies to balance growth.

International problems of growth -- the Border region. The West contains three of the four states -- California, Arizona, New Mexico, and Texas -- which make up the Mexican-American Border Region. The Border region has been characterized as an area of underdevelopment in the U.S. equivalent to Appalachia.

Distilled in the Border region are the major disparities which exist between third world and advanced industrialized countries. The urban agglomeration of San Diego-Tijuana exemplifies this dualism. The gap in per capita income between the U.S. and Mexico is larger than that of any two bordering nations in the world (Hansen, 1981). The new international division of labor is nowhere more evident than in the Border region -- and this division is fostered by the Mexican government-established *maquiladora* (assembly plant) program. This program combined with U.S. tariff codes enables American manufacturers to assemble products right across the border utilizing cheap Mexican labor, lowered duties, and transportation costs not much higher than those they would pay in the U.S.

Some of the issues of concern in the U.S. portion of the Border Region are: overt discrimination against Hispanics, poor schools, ineffective federal programs, and undocumented aliens. High rates of domestic unemployment in some Border labor markets have been attributed to the significant numbers of Mexican commuters and undocumented workers. Unemployment rates of Mexican-Americans are particularly affected by competing Mexican labor. At the same time, local economies dependent upon the expenditures of Mexican commuters and in-migrants suffer when there are peso devaluations (Hansen, 1981).

The planning problems of the Border Region are clearly immense. Because these problems result from forces beyond the U.S. portion of the region's control, local or even state level efforts to solve them cannot be very effective. Rather, national -- indeed, bi-national -- action is needed. Unfortunately, the Reagan administration's current approach is likely to intensify the Border problem and not ease it.

The Intensified Restructuring of Industry and Problems of Economic Dislocation. Many of the West's basic industries are currently in trouble (e.g., lumber, auto, steel, aerospace). In the North-West states (Oregon and Washington), as well as in many parts of California, tens of thousands of jobs have been lost over the last two or three years. Even the industry the West helped establish -- microelectronics -- is shifting its production facilities to lower cost areas. Thus, the West, long the nation's leading growth region, is now facing substantial problems of industrial decline and restructuring. Indeed, on a regional level, closure rates in the West have been virtually the same as in the Northeast (Bluestone and Harrison, 1980). At this point in time, a major portion of the job losses in the West, particularly in the Pacific States, are cyclical and a function of deep recession. However, it is also clear that the recession has presented an opportunity for structural change within industry, and it is doubtful whether all the jobs now being lost in the West (again, especially in the Pacific States) in sectors like autos, steel, rubber, lumber, light manufacturing, and food processing will ever be regained. It should be added that for many communities in the West -- for example Oakland or parts of Los Angeles -- industrial decline is not new. Such areas have already seen a sustained erosion of their industrial base as capital has been shifted to other areas in the West and elsewhere.

Industrial restructuring is a difficult issue for planners to cope with. Traditionally, planners have been land-use oriented and unfamiliar with the process of economic development. Furthermore, the two strategies that planners have typically pursued when they have tried to generate economic development are by no means satisfactory for the task involved. On the one hand, the usual tack that planners have taken to try to create jobs is through an industrial attraction and marketing strategy. However, in an overall era of slow growth, it has become increasingly difficult for planners in the more distressed areas (both urban and rural) to attract industries to their communities. As earlier noted, technical change and the growth of large and powerful corporations have made it easier to relocate many production jobs across space. In a sense, all communities have become hostages to these developments. Since large firms are often looking for new areas with low labor costs, non-union environments, and pliable workforces, those communities which already have a history of industrial development (and the associated organization of labor) are somewhat less desirable to corporate decision-makers. Additionally, even when large corporations are attracted to expand in a community, it is often found that the jobs offered are less desirable and less well paid than those jobs lost (Harrison, 1981).

The second strategy that planners, particularly in recent years, have pursued to try to create jobs through local small business development. Unfortunately, this too has its problems. Research (Teitz, et al., 1981) has indicated that much of the new growth in small business employment in California is a consequence of sectoral shifts -- away from manufacturing (which tends to have larger firms) and towards services (which tend to have smaller firms). These new small business jobs are typically unstable. Researchers in other locations have made similar findings, and have also emphasized that many of the jobs in small business are less well paid (Gordon, 1979). It is thus extremely hard for a local small business development program to overcome the loss of good manufacturing jobs. Even when effective small business development programs are established (and questions have to be raised about the effectiveness of most small business efforts), it is difficult to make a really substantial impact on job creation. This is not to say that local small business development efforts are not worthwhile, but simply that in themselves they are not sufficient.

Perhaps the major difficulty with both industrial attraction and small business development strategies is that they do not really attack the roots of the problem of economic dislocation. The destructive elements of free capital mobility are not

stopped, nor are sufficiently substantial alternatives put in place to retain and develop important basic jobs. At the same time, the ability of economic development planners to do more than simple business attraction and small business development is constrained by a lack of capital resources, political support, technical ability, and by the fact that they tend to work locally when the root problems are generally non-local in cause. As economic dislocation increases in the West, these deficiencies are likely to become even more apparent.

Another aspect of economic dislocation and restructuring relates to the West's heavier than average reliance on service-performing activities. Many service-sector jobs, for instance in eating and drinking or tourism, are unstable and have high turnover rates. However, in the past, there have been certain service sector jobs, particularly in business services, the public sector, and in activities like health care, which have been regarded as secure and somewhat "recession proof." This seems now to be less true. Besides the pressure on the public sector to reduce employment, firms in the business sector are increasingly looking to cut office costs and staff as the recession deepens. More fundamentally, technological changes are making certain aspects of office work more prone to relocation and restructuring (Business Week, 1981a). For example, a number of corporations in San Francisco are relocating routine office activities to suburban locations in the Bay Area. The West, with its high proportion of such jobs, is consequently more likely to be affected by such changes. The process is likely to add to, rather than diminish the range of issues facing planners in the region. It seems unlikely that the areas and groups (both urban and rural) most needing additional economic activity will benefit from this -- indeed it is plausible to suggest that the spatial division of labor and its related social inequalities will be further reinforced.

Occupational and Labor Market Changes. We have already seen that major occupational and labor market changes are associated with the industrial and sectoral changes affecting the West. These changes have differentially impacted the various groups within the labor force, although no group within the working population (male, female, minority or non-minority) has been absolutely immune from change. The consequences of these labor market changes pose a number of issues for planners in the West. For example, how can polarization in the labor market be reduced, how can technological change be dealt with, and how can workers affected by economic displacement obtain new jobs without going through the hardships they have to endure now? In general, all of these questions revolve around the inability of the current process of economic development to maintain and generate sufficient numbers of good jobs. If it is not possible to deal with these labor market issues, it is predictable that increased conflict will arise between different workers and communities over the allocation and re-allocation of jobs.

The question for planners is how realistic is it to envisage intervention that can substantially change labor market outcomes? Traditionally, when planners have tried to affect employment issues, they have usually attempted to move jobs to people or people to jobs. These distributional efforts have often been accompanied by labor exchange and training policies to try to transition workers into available jobs. In a sense, such policies might be categorized as *external* to the production process -- i.e., they do not substantially intervene in capital allocation, corporate decision-making, or the actual operation and organization of the work process. Consequently, these planning policies rarely alter the absolute quantity, quality, or stability of jobs. Yet, it can be argued that increased *internal* intervention in the various aspects of production is vital if real change in employment and labor market structures is to be achieved. In recent years, there has been an increased appreciation of this argument, and this is reflected, for example, by a heightened interest in using public develop-

ment finance mechanisms to directly affect the number, allocation, and quality of jobs available. At the same time, given the power of large corporations within the private economy and the current national political trends, it is an understatement to say that it will not be easy to take such initiatives further.

Technological Change and Aggregate Growth Problems. The overall slowdown in the rate of economic growth in both the West and the U.S. as a whole creates a number of pressures and intensifies the problems facing planning. These pressures affect the whole of the region, although -- because of the uneven nature of development -- they impact different groups, sectors, and localities differently. The groups most impacted by the slowdown are women and minorities in the Western region who, up to now, have not shared equally in the development process and who face a diminution of the small gains they have made so far.

Importantly, slow aggregate growth does not mean that the *pace* of change is slow. Indeed, we have already seen that the rate of economic and technological change in the region is rapid. This raises several problems. For example, the interaction of the rate of change with slow overall growth intensifies political polarization over development. Slow growth (coupled with uneven growth) means that workers, communities, and states are increasingly forced to compete with each other for available jobs. The vulnerability of many traditional jobs to technological change also forces competition between communities to bring in new employment. In this climate, efforts to alter the allocation of jobs, the kinds of technology employed, or the impact of economic activity on the environment are impaired because it is either the jobs offered or nothing at all. Poor private sector economic performance also affects the public sector by intensifying constraints on resources and by business pressure to re-allocate more of those resources for its own purposes.

For planners, one effect of poor economic growth has been to weaken their traditional regulatory role. Increasingly, the private sector is placing pressure on the public sector to create a favorable "business climate". This pressure is now acute in Western states, like California or Oregon, which are deemed not to have favorable business climates, and has increased in those states (e.g. Nevada or Arizona) which have previously been thought to have such a climate. Consequently, planners are under pressure to reduce what business perceives as unhelpful controls on growth, including environmental protection. Planners are also being pressured to act more as stimulators or "marketeers" of industry and commerce, in an effort to try to attract employment. These pressures are apparent in both urban areas (where de-regulation through enterprise zones is the latest proposal to encourage growth) and rural areas (where attacks on environmental controls have increased).

However, it is by no means clear that relaxations in what many already regard as insufficient controls on business activity will solve the problem of slow economic growth. On the other hand, such relaxations can certainly have negative implications for the environment. Currently, this conflict is sharpening throughout the country, but it is especially acute in the West. The Western region, with its many areas of outstanding environmental quality, mineral resources, imbalances in water demand and availability, and large extents of public land, now has many ongoing battles where these conflicts are being played out. It is likely that these kinds of conflicts will intensify in the near future. (Paradoxically, slow aggregate economic growth does not necessarily reduce environmental conflicts -- indeed, it sometimes intensifies them as pressures increase to take advantage of development opportunities that might have been passed over otherwise).

In addition to the environmental conflicts induced by slow growth, social conflicts are also increased. Inevitably, conflicts between groups over limited jobs and other resources intensify, particularly as it becomes clear that prior expectations are not

going to be realized. Age, sex, and racial conflicts are likely to be deepened in this process. Even those areas within the region seeing faster growth than the norm are experiencing conflict because this growth has been uneven. This is particularly true in the Southwest, where a relatively high proportion of hispanics have not shared proportionately in growth. The problems of such groups are unlikely to be solved by more of the same kind of growth experienced in the past (since their problems are, in part, a function of previous development).

The Challenge for Planners in the West

This paper has sought to demonstrate that contemporary economic change in the West is primarily driven by a series of broad developmental forces. These forces are not unique to the Western region. Rather, they affect all regions, although different regions are impacted in specific ways. The paper has illustrated the particular impacts and effects of contemporary change in the West.

The paper has also tried to show how the nature of economic change in the West underlies a number of critical conflicts and issues which are now facing planners. However, it has not been the aim to suggest immediate policy options. Instead, the paper has attempted to focus attention and analysis on the key conflicts and their underlying forces. Nonetheless, it is now appropriate to consider the capacity of planners to address these conflicts arising from the processes of economic change.

Traditionally, the role of planners has been to regulate and mangage growth. The analytical approaches and tools of operation of planners have usually been spatial in orientation. Typically, planners have been employed to guide the physical aspects of growth within local communities. This invariably places them in a reactive mode, where they are forced to respond to privately proposed development through regulatory means. In those instances where planners have tried to deal with employment issues, again (as noted earlier) the focus has usually centered around moving jobs (or people) across space. The implication of this paper, however, is that such traditional approaches are now insufficient to deal with contemporary economic change and its problems in the West. The paper has made it clear that the forces underlying spatial change in the West are not themselves primarily spatial in character. Developments, like the uneven spatial pattern of growth between metro and nonmetro areas in the region, are a function of structural socio-economic changes. As a consequence, approaches which depend exclusively on spatial tools and regulation are going to have little impact on influencing these processes of change.

Moreover, the greatest developmental problems facing the West are well outside the traditional scope of planners. Uneven spatial development has, of course, been one of the concerns of regional and local planners for some time, although they have not succeeded in resolving it (sometimes, they seem to be trying to promote it). But issues of labor market segmentation, control over capital, or new technology are comparatively new to planners. Noticeably, there is an increased interest among planners in these issues. Planners will have to become much more fully involved in these areas in the future, particularly as they increase their attention towards creating economic development rather than simply trying to control it.

However, the essence of the challenge facing planners involves not just the pursuit of growth *per se*, but rather the achievement of qualitative development which can narrow divisive socio-economic differentials, balance urban and rural growth, conserve the environment, stabilize communities, and ensure new technologies are beneficial in a social as well as in a purely economic sense. Up to now, the contemporary forces of change have not secured these objectives in the West, despite the region's relatively

rapid pace of development. Similarly, these objectives have not been secured through policy approaches -- indeed, current national policies will make it even harder to achieve them.

The implications for planners of the analysis in this paper are thus threefold. First, to understand and respond to the character of contemporary economic development in the West, planners must enhance their traditional concerns about land-use with a renewed focus on the economic processes underlying spatial change and the subsequent impacts of those processes. For many planners, this is already happening. But as a profession, planning needs to pay more attention to such problems as the negative aspects of capital mobility (including both disinvestment and uncontrolled boom-like investment), structural inequities in job access and labor markets, and the effect of sectoral and technological change.

Second, planners need to work at local and state levels to help build the basis for influencing the character of development, not only to make it more progressive and equitable, but also to ensure that it actually occurs in those communities in the West where development is most needed. There is scope for work here in both smaller rural communities and the larger cities. In part, this ought to involve encouraging the growth of community and public development institutions which can use powers and resources (such as pension funds) to maintain and create development which will help stabilize communities and ensure reinvestment in key economic activities.

Finally, in addition to pursuing new approaches and institutions, planners must also be part of new alliances which can provide the *political* wherewithal to influence the nature of economic change not just in the West but in the United States as a whole. This is important because ultimately, there are no uniquely Western solutions -- as we have argued, the West cannot be seen as distinct from other parts of the country. While change has local implications, the paper has shown that the major forces of change are not contained within any one location. By themselves, exclusively local efforts to influence these forces are not going to be fully effective, although there is often scope at local and state levels to make some positive steps forward. However, by pursuing new local and state initiatives within the Western region, planners can aid in laying the basis for the impetus which will be needed throughout the country if substantially more interventionist development policies are to be implemented.

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THE FUTURE OF ECONOMIC DEVELOPMENT IN SMALL CITIES

Ted K. Bradshaw and Edward J. Blakely

Introduction

The challenges and opportunities for economic development in small cities have changed dramatically in the last decade along with the new economic and population growth that reversed decades of decline (Beale 1975, 1981;Bowles 1978; Bradshaw and Blakely 1982). The future for small city and rural economic development lies ultimately in two arenas -- the ability of these jurisdictions to capitalize on the growth that is occurring in rural areas and to mobilize effective responses in light of the changing character of political resources available from regional, state, and national programs. However, small towns and rural areas are challenged by the fact that the economic development activities required of them now and in the future are quite different from those required in the past. The economy of rural America is no longer dominated by agriculture or single industries, but is diversified. Services are the major employer as opposed to the goods-producing industries, and these require different kinds of infrastructure supports and training programs (Bradshaw and Blakely 1979). Indeed, it is our thesis that one of the major problems affecting small cities is that the economic development strategies being employed are inappropriate to the level and extent of the economic changes they are trying to affect.

The approach of this paper is to review small city and rural economic development in four states that have been examined during the last year as part of the Ford Foundation funded Rural Development Policy Project at the University of California at Berkeley. In each of the four states we have conducted numerous interviews and have evaluated material produced by state agencies and university researchers in order to understand the character of rural development. The states selected for this study are California, Wisconsin, Vermont, and North Carolina. These were selected to broadly represent each of the four regions of the county and to represent major differences in levels of industrialization and technology on the one hand, and of social services and social organization on the other. California is a state whose rural areas have been substantially influenced by sophisticated technology, both in agriculture and in other industries. The social service delivery system is very well developed with a long tradition of community colleges and state universities in the nonmetropolitan areas. Ample welfare and other social services are also available and government is generally strong and capable. Wisconsin has a strong tradition of social service delivery but its economy is much more traditional. Vermont has an economy which is very rapidly being affected by the high technology in the Boston metropolitan area as well as having a long tradition of highly skilled machine tool industries. Its service industries have expanded rapidly with tourism as a central industry. However, Vermont's social service delivery system is very weak; it has no county government structure due to the township-style government, and it has lagged in the delivery of social services. North Carolina has a truly traditional rural economy which is currently feeling a large impact due to continuing agricultural mechanization and recruitment of large numbers of low wage manufacturing plants requiring relatively low skilled labor. North Carolina's social service delivery system has only recently begun to improve and in most rural communities, welfare capacity is fairly low.

In this paper we will examine four key components to an effective rural development strategy for small towns. This involves, first, the identification of appropriate rural development strategies; second, the implementation of successful efforts to decentralize growth from growth centers and metropolitan areas and to overcome the problems that distance produces in rural areas; third, the need for special programs

and efforts to address the condition and role of minorities, women, and the disadvantaged in rural areas; and finally, the identification of appropriate policy structures and organizational efforts by which economic development problems can be addressed. We will consider each of these four components in the following sections.

Appropriate Rural Development Strategies

The recent rural development experience of small towns in the United States points to one key fact: if ever there were relati[illegible] degrees of similarity among rural areas due to their common agricultural heritage, this has broken down. Rural communities now, more than ever, differ from one another in terms of the path they are taking to join the modern world. Some areas are growing very rapidly and a diversified economic base is being formed, while others are experiencing certain boom-town characteristics because of the rapid expansion of a single industry. Some growing rural and small city areas are strongly dependent on the growth of a nearby metropolitan center or provide a convenient way-station between two metropolitan areas, although many rural areas are developing independently from metropolitan influences. Some retain a strong agricultural and natural resource base and are building a manufacturing and service sector to complement it, while other areas have no trace of dependency on the land. Finally, more than 400 nonmetro counties in the nation continued to experience population decline in spite of the fact that the vast majority of counties have seen population and economic gains (Beale 1981).

Moreover, the diversity and variety does not follow many of the traditional boundaries of economic regions (Shapira, et al. 1982). Different parts of the broad census regions are greatly dissimilar from one another. For example, Vermont is not as representative of New England as it might have once appeared. Further, within every state there is a great deal of difference from one cluster of counties to another. In Wisconsin, the northern region is growing largely because of recreation, tourism, and a year-round retirement population living in converted summer cottages. On the other hand, the southwest part of the state still retains its largely agricultural base, while the state's remaining development is rooted in agricultural processing plants, insurance companies, small service establishments, and similar enterprises.

There are three strategies for economic development in rural areas. The first is structural, largely deriving from the industrial location literature and the filtering down thesis. In this thesis industries start and grow in the urban areas where there is a great deal more innovation, capital, and skilled labor (Thompson 1965). Over time, as the production process becomes more routinized, as products become standardized and as the market expands, it is possible for the production of these products to shift to nonmetropolitan areas where there is a less skilled workforce and the advantages of agglomeration of innovative industries in metropolitan areas are no longer needed. This leaves the metropolitan areas free to innovate in the next wave of product. This production cycle theory explains very well the movement of many manufacturing plants from the urban area into nonmetropolitan ones (Lonsdale and Seyler 1979). In so doing, they tend to employ a lower skilled labor force, install more capital-intensive machinery, and in recent years, shift their labor force to an increasingly high proportion of women and others previously absent from the labor force.

In North Carolina this is very clear. The types of plants which are being attracted are large assembly plants, often dominated by the textile and apparel industries, industries which have relatively modest growth rates. The high growth and high wage industries are not being attracted to these rural areas (Moriarty 1982). The proportion of North Carolina plants that are low wage in nonmetropolitan counties has increased from 50.1% in 1962 to 55.6% in 1976, while the metro share only increased overall from 11.4% to 12.3% (North Carolina 1979:33).

This model works less well in explaining the movement of service industries, although there is some evidence that certain service industries become routinized and

move some of their lower skilled operations into nonmetropolitan areas. For example, in the finance and insurance industries, as account processing has become more computerized, many firms have moved their data processing and the like into small communities, usually in the midwest or central part of the nation.

A major problem with these strategies is that they do not greatly improve wage levels. North Carolina has the most rapid rural industrial growth of any state, but it also persists with one of the lowest overall wage levels. Companies engage in a number of tactics to keep these low wage levels, perpetuating the advantage that brought them to rural towns. Moriarty (1982, p. 24) lists some of these: 1) training women for traditional men's jobs; 2) shifting workers to salaried production teams from piecework rates; 3) locating plants so as to avoid competition among adjacent plants for workers; 4) agreements among firms not to raise wages or hire other firms' employees; 5) discouraging firms paying above average wages from locating in certain communities or even states.

A second model of economic development emphasizes the elaboration of human resources. Largely embodied in the theories which provide the undergirding for the CETA program and other worker training efforts, these programs argue that the basis for productivity and the attraction of an adequate industrial base is rooted ultimately in the level of skill that the employees in an area have. Most programs like CETA are keyed to the unemployed person or the person outside the labor force. This increasingly is a handicap in solving the problems of rural workers who need their skills upgraded.

A third, and final, economic development model is based on planning growth and providing for an integrated, planned, diversified rural economic base. This model explicitly recognizes that the training of workers without any intervention into the industrial mix and the job providing, job allocating roles of industry is likely to be a failure. Efforts in this model largely involve the linking of training programs with actual industrial siting and especially intervention for the purpose of targeting certain opportunities and activities. Certain aspects of this are particularly noteworthy: first, the efforts to explicitly link training programs with job allocations. In Vermont this has largely involved training programs that work closely with an employer and have guaranteed placement for a certain number of trainees. On-the-job training is also coupled with training courses. Usually the employer has his pick out of a class of people who are trained, although in other cases the employer will select his potential employees before training begins.

Another type of integrated economic development strategy is the set of programs that are explicitly aimed at developing small businesses and independently-run enterprises. One of the most interesting phenomena we have observed are efforts to identify potential service industries and other firms which are missing in rural areas and which might provide a target of opportunity for local development since residents must go to other communities to obtain these services. More work needs to be done to identify the role of franchises and other kinds of technology transfers to make this successful. Wisconsin has an active program of business management programs as well as inventor clinics. However, some of these efforts are threatened because they are not as clearly linked to "direct jobs created" statistics that many projects require.

The challenge for small cities is clearly in being able to develop an economic development organization and strategy that encompasses the opportunities of the third model of economic development. For some areas, however, this is likely to be difficult or impossible to achieve. The recession is making many opportunities more scarce and the present reduction in the level of state and federal social services available puts added pressure on developing certain kinds of industries which have not been present in the past. Nonetheless, job attraction through plant locations can be effective without giving away tax revenue as shown in Wisconsin which has an above average rate of manufacturing growth but prohibits tax breaks. The state also has a

long history of environmental regulation and other social protection programs only now being copied by other states. Moreover, a recent study in Wisconsin indicated that traditional problems of capital shortage for small rural businesses have been overstated. Persistent owners usually were able to find the financing they needed, indicating that efforts need to be made to assist businessmen to avoid assuming that capital is unavailable in small towns (Shaffer, Interviews).

Efforts to Decentralize Growth and Overcome the Problem of Distance

It has become increasingly clear that nonmetropolitan areas cannot be defined in terms of either agriculture or the rural deprivation that has characterized them in the past. Increasingly rural areas are comprised of similar components of the more advanced economies, and they are being refilled with new migrants who bring a level of skill and sophistication previously unknown in rural areas. The major feature that continues to define rural areas, though, as opposed to their urban counterparts, is the wider space over which the economy, population, and social structure is spread. The problem of decentralization and great distances remains the major characteristic of the rural economy. Any component of an effective economic development design must therefore take into account the fact that nonmetropolitan areas must overcome the problem of distance. In the research we have done we have identified a number of ways in which rural areas have overcome the problem of distance and ways in which this translates into an effective rural development strategy.

The major theoretical understanding of the spatial problem in development has been to conceive of communities in a hierarchy with the urban area at the center surrounded by a number of small towns which are in turn surrounded by a number of smaller towns, each one more limited in its economic range and dependent upon the larger for more differentiated services (Hage 1979, Berry 1973, Hansen 1973). This was the core idea that lead to the growth center theory. Growth centers were medium-sized communities of up to 50,000 people that were the ideal size for increased population and economic vitality. Policy, it was argued, should be directed towards these growth centers because they were the most effective in promoting new population and economic vitality, and they would draw from the smaller places around them and thus lead to regional concentrations of growth. However, it is clear that this strategy does not deal with the problem of distance, except by removing it into medium-sized, urban conglomerations.

Rural America, however, has not grown according to the growth center thesis. Many unincorporated rural areas have grown faster than small cities and the smaller cities have grown faster than the urban areas. North Carolina has struggled with the dispersion problem in terms of a well documented and popularly accepted goal of achieving population balance between the urban and the nonmetropolitan areas. They have used a notion of growth centers to do this, although they have designated more than one hundred growth centers, which invalidates the traditional meaning of this concept. As a matter of strategy the state has taken very seriously the dispersion of plants into the nonmetropolitan communities. When a firm inquires about a location within North Carolina, or begins negotiations with the state, they are usually shown at least two or three nonmetropolitan areas. There is some doubt as to the effectiveness of this, for a number of communities have suggested to us in interviews that the visits were wasting their resources in showing their community to a potential employer when it was clear that this employer had no intention of locating in their area. Nonetheless, the plant locations in North Carolina have been roughly balanced and state policy has been effective in decentralizing plants (Moriarty 1982, p. 9). The limitations of this theory are that with the exception of several southern states, most growth which is occurring is not plant relocations, nor are as many large plants involved, as in North Carolina.

A second model, arising through the economic development districts throughout the country has attempted to provide general planning and improve the capacity of smaller areas to accommodate business expansion. This has led to the identification, on a region-wide basis, of targets of opportunity, that is, areas where there is a favorable mix of labor, natural resources, railroad, highways, and other infrastructure required for economic development. These strategies have tended to provide a much more diversified set of options for dispersed economic growth. The major limitation of these strategies is that many areas have become interested in establishing industrial parks, have put in the required infrastructure, but have found no takers for the facilities that have been developed. It is not clear how many of these cases are mistaken expectations -- many were -- and how many were facilities which were put in place prematurely, i.e., the community has not been successful, yet, in finding an adequate tenant for their industrial park. For example, it has been estimated that Wisconsin has enough industrial park spaces to last until the year 2010.

A third model involves the redirection of growth which is naturally occurring. In California and Vermont, the rate of in-migration is sufficiently high and the people moving in are sufficiently motivated to start businesses, that the major problem is one of guiding, nurturing, and facilitating growth rather than attracting it from outside the area. Data on recent migrants in three of our four sample states conclude that the newcomers are more likely to be professional, college educated, employed in service industries, and better paid than longterm residents (Perkinson 1979, Bradshaw and Blakely 1981, Voss and Fuguitt 1979). The opportunities this growth provides, however, vary from one area to another.

A major difficulty in many plant locations involves the adequate provision of training programs and other social services. The scale is not adequate in most rural areas to have an effective training program because the industry is not large enough nor hiring at a steady enough rate to justify the provision of an infrastructure. A number of programs have been effective in solving this. The machine tool industry in Vermont, for example, has joined together with the state in the development of a training program for middle-level machinists. These occupations are generally in short supply and the machine tool industry, which is widely dispersed throughout the state, has faced severe shortages of trained manpower. The proposed Vermont Machine Tool Institute combines academic training, often in the evenings in certain centralized areas, with training provided by the individual firms after work using the firms own facilities. This solves some of the key problems of training, and the trainers, to some extent, can move from one firm to another and one small community to another as they are needed. The block to this kind of training has usually been the identification of a standardized curriculum and training program for the worker. In conjunction between the state and the industry these curricula have been developed.

Another very effective strategy has been for adjoining rural areas to identify ways in which they can become interdependent with one another and become a center for a particular industry. For example, in certain Wisconsin communities, industrial linkages have been made that have proven very successful in joining firms into a regional agglomeration. Another variation on this is found in some industrial parks in Vermont where a key tenant, for example a whey processing plant for cheese manufacture, was found. Associated with this, they were able to attract a number of related industries that could either use the processed whey or which were involved in the cheesemaking industry.

The coordination of economic development among small towns is thus emerging as a major way to overcome the limitations of great distances. By conceiving of a region as a whole rather than as a particular community within the region, a new interdependence among communities and their firms can effectively solve many of the problems of a decentralized rural economy.

The Role of Minorities, Women, and Disadvantaged People

An effective rural development strategy for nonmetropolitan communities requires the identification of programs that are specifically targeted for the disadvantaged population. While statistics on rural poverty are no longer as depressing as they were even in the 1960s when the President's Commission reported on it in *The People Left Behind* (1967), the condition of minorities has improved very little over the last five years, and new groups of disadvantaged ruralites have increased in number. The proportion of women working in the rural labor force has increased dramatically, and many of these are single parents. North Carolina has the nation's highest female labor participation rate, but very few day care centers. In Wisconsin, the elderly form a larger proportion of the population than ever before, but effective planning and action to meet their needs awaits expansion (Tordella 1977). It has also been suggested that the improving condition of rural poverty is more a result of migration of poor people into metropolitan areas rather than the overall improvement of the rural economy (Seninger and Smeeding 1981:384).

In general we have found a close linkage between the various efforts to aid the disadvantaged in rural areas and in-migration. For example, in North Carolina, the major efforts to aid minorities have been through legal aid programs. The people who have been working in these programs, especially for the disadvantaged blacks, have been lawyers and other trained blacks who have come into the south out of Washington, D.C. Their social conscience directs them back into the areas in which they spent their youth. This program has had a considerable impact although one cannot expect immigrant experts to become the backbone of an effective economic development strategy that touches minorities.

A number of organizations have been more broadly successful in other areas. Community development corporations and other community-based organizations have in many cases been organized to help the minorities and disadvantaged people in rural areas. However, these have had only limited success and their successes are restricted to a few very large CBOs such as Impact 7, or the Kentucky Highlands (Smith, 1980). These organizations have long-range funding and stable leadership and have been able to use a number of both private and governmental programs to their success. However, in large parts of the county, such as the Northeast Kingdom in Vermont, these successful programs have not been able to get off the ground. They have been undermined by local politics, they have succumbed to unlucky decisions, and they have generally been inadequately funded to carry out their stated mission. One way CBOs in Wisconsin have tried to overcome these limitations has been to form a coalition of ten hispanic and native American groups, called La Raza Unida, to provide technical assistance. Some of their collaborative projects have been very successful. However, it is quite unlikely that the future of effective economic development throughout the country should rest on the basis of CBOs, especially given the reductions in federal funding and the ending of the commitment to these kinds of organizations as illustrated by the end of CSA, OEO, and other organizing efforts.

It has become clear to us that two components of an effective strategy for the disadvantaged are required. First, efforts need to be sustained and developed to protect the present opportunity structure. The movement of middle class Americans and large corporations into much of the nonmetropolitan area has meant that there is an increasing potential for the shrinkage of opportunity among minorities. For example, much of the land in certain North Carolina communities is being purchased by outside firms as black farmers are being forced off of the land. The Black Land Loss Project is helping to protect the availability of farmland for minority ownership. In Wisconsin and Northern California many of the effective economic development strategies involve defending significant native American rights and in all cases we have found that one of the major functions of effective rural organizations is to defend the social welfare rights of the disadvantaged. These efforts are no small component of an

effective economic development strategy.

Moreover, it is increasingly difficult to do this. In 1975 blacks in North Carolina were making less in the service industry relative to whites than in 1959, even after age was controlled. It appears that even though blacks were moving into a rapid growth industry, they have entered the low wage sectors of that industry (Greenberg, Interview).

A second aspect of effective rural economic development involves the identification of particular needs of the minority/disadvantaged population. One of the major issues we have discovered is that as women have been drawn into the labor force, especially in the service industries which hire a large number of clerical workers and in assembly manufacturing industries where female workers are also employed in large number, rural development is faced with a new crop of social problems. For example, the amount of alcoholism, divorce, and other social problems associated with the movement of large numbers of women into the labor force requires considerable attention. Daycare becomes a pressing problem in many areas as women are drawn into the labor force. Training programs in these areas need increasingly to take into account the already pressed schedules of their female clientele. Finally, effective rural economic development for disadvantaged groups requires additional initiatives over and above that which is a major component of any effective economic development program. We have identified a number of components of such a program, including the following:

1) The creation of middle-level jobs and effective means of promoting people within firms so that more entry level jobs will be opened up.
2) Establishment of preferential hiring agreements with new plants that are locating in areas, and the targeting of employment to include significant numbers of people who might be trained for working in the industry.
3) The use of various mechanisms available to economic development enterprises such as equity contributions to establish minority ownership and responsibility for certain economic development activities.

Designing an Effective Policy Organization for Rural Economic Development

It has become clear to us that there are a variety of organizational approaches by which effective economic development may be undertaken. The North Carolina example suggests that on the one hand, there is a top-down or centralized approach in which, although input has been received from local areas, economic development is largely a state-wide activity and the state's role in attracting industry, showing it to different areas, illustrates this function. On the other hand, there are a number of states in which development is laissez-faire, or decentralized. The problems of the centralized efforts are that they are often insensitive to local issues and opportunities, they tend to direct outside inquiries rather than stimulating local indigenous opportunities, and they provide relatively little leverage for local communities by which to enact particular programs for the training of disadvantaged groups. The decentralized efforts tend to pit one community against another and we have noticed in a large number of cases that community activities are relatively ineffective. The competition that they engage in is largely between other communities of very similar size and often serving the same labor force. The tax interests of the community that receives a plant are often given up -- except in Wisconsin -- and they have little ability to pay for an adequate infrastructure.

As the federal government moves in the direction of New Federalism and the decentralization of its economic development and training programs in the Department of Labor, Agriculture, and HUD, it seems clear that local capacity is going to have to be greatly increased. The effective way of increasing local capacity is clearly through effective multi-jurisdictional organizations. In some cases these can be built on existing councils of government, EDA districts as in Vermont, or non-profit special

purpose organizations, such as Impact 7 and some local organizations.

Regional planning and development organizations have had considerable success in some rural areas, successes that could not have originated anywhere else. They have provided pooled staff resources, grantsmanship, networking, and statistical manipulation and dissemination. They fought for their local areas and linked university resources with local needs. However, they have lacked a clear constituency and with the limiting of funds, they may be cut back or eliminated entirely.

An interesting variant on the regional government theme are special purpose rural coalitions that pool resources and expertize. In North Carolina an Organization of Electric Cities represents the interests of 70 cities running municipal electric companies. The Organization buys power from suppliers at a better rate than they could get individually. In northern California a successful "circuit-rider" program has assisted communities with planning and municipal management.

The Future of Economic Development in Small Cities: New Challenges

It has become increasingly clear in considering the above four components of effective rural development strategy that new strategies and approaches are called for in dealing with the economic development problems of small towns and rural areas. Indeed, it appears that a new theory of economic development is being forged in nonmetropolitan areas. These efforts will be undertaken under the conditions of greatly limited federal money, the significant impact of the current recession, and the much slower economic growth of this decade as opposed to other eras, and with an adaptation by rural economies to their new mix of industry including high technology and services.

The challenge for small cities facing severe economic problems is greater now than ever. The easy solutions for integrating communities into the modern era have already been undertaken and the communities able to benefit from them have done so. Where no growth is occurring there are very deep and nearly intractable problems that need to be addressed and overcome. On the other hand, those communities which are growing have the strains of growth with which to cope.

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POLICY OPTIONS FOR RURAL AMERICA: AN OVERVIEW OF RESEARCH FINDINGS AND POLICY DIRECTIONS

Ted K. Bradshaw and Edward J. Blakely

Introduction

This paper presents a brief description of the findings of the Rural Development Policy Project at the University of California. The purpose of the project, funded by the Ford Foundation, is to conduct research on recent rural population growth and the economic development consequences of growth. Four representative states were selected for this study: California, Wisconsin, North Carolina, and Vermont. Policy-relevant data in each of these states were collected and analyzed to detail the character of the rural renaissance in each of four broad regions of the nation. Moreover, local policy problems and issues indicative of a variety of long-term consequences of growth were monitored. The analysis was linked to various governmental and community-based agencies at the federal, state, and local levels to whom policy-relevant information was provided. This information will be instrumental in formulating coherent rural policy. The findings described here are summarized for wide distribution and discussion during the coming year at a number of workshops, professional meetings and symposia, especially meetings on issues relevant to preparation of the *National Rural Strategy Plan* to be presented to Congress by January 1983.*

Changing Conditions and Changing Strategies in Rural America

Rural population growth is only the best known of the many changes occurring in rural America. Accompanying the recent population reversal, a broad range of economic and social changes have brought rural areas into the modern era in a way that few expected. Our research has been aimed at documenting these changes and identifying their consequences for public policy. The major objective of our exploration of the changing character of small towns and rural places has been to examine emerging economic development patterns -- what new roles people are playing in the economy and what efforts are being undertaken to stimulate more economic growth. We started with the hypothesis that the major forces affecting rural development were not the old ones of agriculture, natural resources, socioeconomic isolation, or a technically unsophisticated labor force (Bradshaw and Blakely, 1979). The new forces shaping rural economic life are technological processes that propel rural areas into a sophisticated and technologically advanced urban economy. Certain rural areas have become attractive for some of the most innovative technologies in society because of a renewed emphasis on quality of life over economic return among the most highly educated, skilled, and resourceful urbanites. (Bradshaw and Blakely, 1981). Indeed, these hypotheses suggest that a new concept of "rural" is called for, for rural areas are no longer rural in the sense of agricultural, backward, isolated, or conservative. Yet as members of the modern society they are experiencing a range of challenges and problems for which their history has left them ill prepared. (Bradshaw and Blakely, 1981).

*Under Secretary of Small Community and Rural Development, USDA. "Working Toward a National Rural Development Strategy: Progress Report." Washington, D.C., January 1982.

Our research strategy was to select four different rural states with above-average population and economic growth (relative to their regions) and with a range of economic and social organizational structures. We further selected states where we either had worked before or knew we could link with researchers well versed in the issues we were examining. Two variables were most important in selecting the four states. First, we wanted two states with a significant amount of new growth industries such as electronics, professional services, and communication, while selecting two other states with more traditional manufacturing, agriculture, and natural resource extraction. Second, we wanted these states further subdivided into those with well-developed organizations for the delivery of rural social services and those with a limited service delivery capacity. These criteria produced the following typology of states:

	Well developed rural organization	Limited rural organizational capacity
New technology for rural industry	California	Vermont
Traditional rural industrial base	Wisconsin	North Carolina

We now appreciate as a consequence of our research that this typology somewhat oversimplifies the character of the states. Nonetheless we are impressed with the fact that we captured a great deal of the variation that exists in many rural areas that are currently experiencing growth.

Rural Economic Change: The Most Significant Changes

- The decline in agricultural and extractive employment has nearly bottomed out in most rural areas, with national employment reductions of only 20,000 annually (vs. 200,000 during the 1950s and 1960s) (Bureau of Labor Statistics, 1980).
- Manufacturing added a great number of jobs in nonmetropolitan areas since 1962, although this has greatly slowed in the 1970s reflecting the slow growth in this sector nationally (Haren and Holling, 1979).
- The service sector increased its share of total nonmetropolitan employment from 62.5% in 1962 to 66.6% in 1978 (Haren and Holling, 1979).
- Professional and managerial jobs were among the fastest growing, increasing their share of nonmetropolitan employment from 20.0% (1970) to 22.4% (1977); the share of employment in operative occupations declined from 16.7 (1970) to 14.6% (1977), the largest decline of any occupational group (Bureau of the Census, 1978).
- Self-employment is significantly greater in nonmetropolitan areas, indicating the importance of small business in rural communities (Bureau of the Census, 1976).
- Most (90%) rural employment growth in the 1960s was by women and much of this was in manufacturing; by the 1970s male jobs accounted for nearly half the job creations (Bureau of the Census, 1978).
- Rural areas still suffer wage inequalities but the gap is narrowing; female earnings, however, still lag well behind male earnings (Bureau of the Census, 1978).

Rural Diversity. Within each of the four selected states studied the major aspects of the rural turnaround have different manifestations. While agriculture remains critical in many rural areas, it has not contributed substantially to population growth. On the other hand, a number of mature, stabilized agricultural areas like central Wisconsin were increasingly affluent. Although it is rapidly changing, agriculture is becoming a sophisticated economic actor with more year-round employment and a greater use of highly skilled experts, managers, and operators (Bradshaw and Blakely, 1979). Manufacturing growth has been important to most regions, more for the large local impact it has had in some places than for its overall importance in creating a new rural economic base. North Carolina is the best example of a state that has developed an active manufacturing plant recruitment program, with recent data showing that 187 plants were located in the state in 1980, with 16,856 jobs. This program is a central effort of the state government, and significant attempts have been made to balance the manufacturing growth between rural and urban locations. Even in North Carolina, however, the distribution of these plants is not equal in all parts, with the mountain and coastal regions lagging in comparison to the central Piedmont region.

Growth in other areas is in the service sector. In California we identified five types of rural communities: (1) *university/professional* -- communities based on expertise associated with higher institutions and associated professional services such as engineering, health care, and law; (2) *government and trade communities* -- usually county seats, where service delivery and trade are the leading employment-generating sectors; (3) *resort/tourist communities* -- are very attractive places that attract not only tourists but many persons such as writers who are economically active, but able to live away from the city; (4) *retirement communities* -- use the pension and Social Security income of the residents as a significant input into the local economy; (5) *counterculture communities* -- include people who have dropped out of the major economic system and are doing subsistence farming and odd jobs and thus represent a potential pool of talent for new enterprises (Bradshaw and Blakely, 1981).

Services provide a different motor for economic growth in Wisconsin, where large insurance companies have located in rural areas, employing many clerical workers. In Vermont, on the other hand, small businesses and tourism provide a major dynamic to the growing economy. As with many similar types of economic development, the jobs provided in these activities are low-paying and subject to seasonal fluctuations. An interesting development in several rural areas, however, is the spread of mail-order establishments, reservation services, and information firms that draw upon a national market for everything from clothing and supplies to airline or hotel reservations and medical research data.

A growing number of areas are experiencing inroads from truly high-technology firms. In some of the foothill areas of California small electronics plants have established research and development facilities and manufacturing plants. For example, in Grass Valley in northern California there are nearly a dozen small electronics firms, some loosely associated with a larger firm that makes television production equipment. In small Vermont towns, leading firms in the windmill industry, machine tools, and scientific instruments are national and international in character. So far these small firms do not dominate most communities, yet their presence produces a substantially larger number of new jobs than large manufacturing plants, mines, or lumber mills.

As a consequence of these development patterns, we have concluded that rural economies have developed from single-industry economic bases to a complex, diverse, modern place. Two major factors, however, continue to distinguish rural economies from urban ones. The first is the closer association with natural

resources and the associated distance from centers of finance and certain types of technical innovation; the second is the low density of rural areas which means that things are done at a smaller scale and are more geographically separated from each other.

Rural Life Styles as a Magnet. A major new force affecting growth in most rural areas has been the attractiveness of rural life styles. This has led many types of firms to express great interest in locating in rural areas, in contrast to patterns of rural areas losing firms and finding that new firms showed no interest in small communities. Many or most plants have long waiting lists of people who want to transfer to rural locations, and once they have transferred persons, firms find it difficult to get them to leave rural places. This has been particularly true in Vermont and northern California's electronics industry, and it has been reported by an increasing number of firms in both Wisconsin and North Carolina.

A major consequence of this pattern has been that some rural areas in all of our sample states have a number of options for selecting the types of industry that will locate in their community, and they are in the position of having something to offer potential employers. Yet few of these communities exercise this option, thereby allowing the economic character of the area to be shaped more by events than by specific planning.

Human Resources: The Critical Factor. As employment has shifted from natural resources and manufacturing to services and technically sophisticated industry, so the critical factor in leveraging economic activity has changed. Human resources, the broad concept indicating the level of general skills and capability of the population of an area, have become critical in understanding the character of the new economic activity in rural areas. This is manifested in a number of ways. First, training and advanced education programs are increasingly important in rural economic development. In growing rural areas, however, there is less emphasis on and demand for entry-level training programs than for intermediate technical skills. For example, one of the major findings of the study has been that there is a critical role for post-secondary educational institutions, particularly community colleges, in all parts of the country to provide this relevant training. In California, the growth of electronic plants is more related to the availability of training for mid-level technical and managerial employees than of production workers. In rural North Carolina the education provided by the state colleges is geared to the needs of the type of industry they want to attract, rather than reacting to the presence of the new employer.

Small Business: An Opportunity. A final aspect of the rural development we have observed is the significant role of small firms. In an era when large firms are increasing their share of the national output, small businesses are increasing their share of employment (Birch, 1979). This is particularly true in rural areas in the states of our sample, with the exception of North Carolina. The growth of small business has been a major dynamic in the development of rural areas in the four states. One bit of evidence of this has been that in California we found that nearly a third of all the newcomers who migrated to five nonmetropolitan communities during the last five years had started their own businesses while in their new communities (Bradshaw and Blakely, 1981). In Vermont a new Office of Small Business Assistance has been swamped to provide assistance both for existing organizations and for potential startups.

Economic Development Processes. As there has been a diversity of economic development activities in each of the four states, there is a great deal of diversity in the organizations and the programs that are being used to facilitate more economic growth. While some states like North Carolina are actively attracting outside plants, other states are more concerned with ways to expand existing businesses and to establish more locally-owned enterprises. For the most part

states do not have well-articulated rural development plans or strategies, but simply adapt the federal programs to their purposes. In general the operators of the various programs in rural areas have an adequate organizational base in place, but it lacks capacity to do much more than respond to outside pressures and opportunities. The poor and disadvantaged, for whom many economic development organizations are targeted, are unable to make their real needs felt, and when they do the resources are inadequate to handle them. On the other hand, the organizations are limited in their vision of what is possible, using many of the old models of economic development, which did not work in the past and are unlikely to work now.

Policy Concerns and Directions

The existing context for rural policy in the United States is based on a traditional concept of rural areas being agricultural or resource-extractive, isolated, economically depressed, and lacking in political influence. This concept of rural areas and small towns contributed to a policy formulation process designed to modernize and incorporate rural places into the mainstream of the nation. While this intellectual framework may have been relevant and necessary at one time, it is inadequate now. Rural areas have undergone, and are undergoing, fundamental changes that are making them more complex in character, more diverse in socioeconomic structure, more urban in amenities, and with more difficult special problems. It is in this milieu that we feel new policy alternatives are necessary.

A principal objective of our research was to identify policy issues that are associated with the social, political, and economic structures that are emerging in the growing parts of rural America. Based on the data collected by the Rural Development Policy Project, the following key issues need to be addressed in a useful rural policy and by effective governmental programs.

- The pattern of rural population and economic growth remains spotty and uneven, bypassing many areas and leaving significant needs unmet throughout the country.
- There remains substantial inequality of economic opportunities in rural areas in spite of, and sometimes because of, new economic and population growth.
- The underprivileged, socially marginal, racial and ethnic minorities, and women have been benefited only slightly -- and in many instances not at all -- from the new economic upsurge in rural America.
- The immense diversity of the rural and nonmetropolitan experience makes the current concept and definition of "rural" inadequate or misleading for creating effective policy. It is clear that growth areas need a new definition of the rural experience; it is also clear that policy needs to be better articulated in order to deal effectively with the problems of depressed rural communities and of minorities and women who are left out of the economic development process in rural America.
- It is very apparent to us that the federal government has played a vital role during the last several decades in rural community development leading to, and culminating in, growth. The federal role ranges from funds for water and highway systems to CETA and rural development funds for various economically significant projects. The current trend toward reducing federal resources in local communities will present enormous problems.
- It is uncertain how much of an increasingly large amount of responsibility for economic and social development can be absorbed by rural communities. A significant issue will be the monitoring of how "the New Federalism" is worked out in rural areas.

- There is a significant lack of a national rural development strategy. The federal government's appointment of a USDA Undersecretary for Small Community and Rural Development, with broad government-wide authority, is a step in the right direction, but these projects have not yet been fully implemented.
- Many solutions proposed for rural problems are simply urban programs slightly repackaged. A clearer understanding of the particular needs of rural areas is needed. For example, enterprise zones and the like may make sense in urban areas, but they are hardly significant for rural development.
- Many programs have been used in rural areas to create much-needed local public capacity to provide social services. The impact of these programs on job creation and economic development have largely been missed.
- Organizations for economic development are often missing or are inadequately conceived. We are struck by the fact that many rural areas are still organizing at the individual community or neighborhood level while the community itself is caught up in a multinational web of connections involving large corporations, federal expenditure changes, and the like. Although neighborhood- and local-level organizations are important, the tasks that they can effectively accomplish may be inadequate in the current social and economic climate.
- We are concerned that rural development policy scholarship is a byproduct of rural sociology or agricultural economics, rather than a significant field in itself. The nation lacks institutions focusing on rural problems that take a national perspective or that deal with a broad range of issues. Rural policymakers need better organizations for research and policy analysis than they currently have.

Based on these concerns and issues that need to be included in an effective redirection of rural policy, we have a number of tentative targets of opportunity which we think are worth further exploration and consideration.

1. *Redefine Rural Economic Development Strategies.* The changing rural economy demands a rethinking of effective intervention strategies for rural areas. We have found that existing models of rural economic development are inadequate because they emphasize outdated conditions and miss important new opportunities. Some of the earliest efforts at economic development involved technology transfers, largely through agricultural extension programs. It is clear, however, that these efforts are limited and that they do not greatly increase the level of internal investment in the local community. A second type of economic development effort has involved efforts to recruit plants into a rural area, to modernize them, and create jobs. While these "smokestack-chasing" recruitment efforts are sometimes effective in increasing the number of employed persons in certain areas, they also bring many costs with them. Some relocated plants close down or move other facilities, causing proportionate unemployment elsewhere; some communities provide such lavish tax incentives and other benefits to the new plant that they have no revenues to complete needed infrastructure; other newly recruited plants arrive and hire few local workers, or they may hire only women assemblers, paying very low wages. Electronics firms have sometimes been particularly notable in this regard, especially because they are widely believed to be so professional and "knowledge-intensive." North Carolina has one of the most sophisticated state programs of plant attraction, and has been quite successful in having the plants recruited into the state dispersed throughout the rural areas. Yet the gap between North Carolina and other states

in average wage level has not narrowed. In sum, our review of a large number of traditional economic location concepts suggests that rural areas often overrate their effectiveness and do not understand the costs of industrialization.

Because of the more complex economic forces affecting rural areas, a much more integrated strategy, sensitive to the physical environment, human resources, local traditions, and small-town institutions, will be required to provide balanced rural growth. The major components of this integrated economic development strategy are an emphasis on human resources and their enhancement; developing viable enterprises, especially new small businesses; using local resources to the greatest advantage, including materials, scenery, history, and other businesses; capitalizing on the migration of skilled, experienced, and affluent newcomers to rural communities for involvement in a range of projects; and using local organizational efforts for economic development to provide lasting and significant benefits for the rural community.

2. *Enhance Multijurisdictional Economic Development Organizations*. The changing conditions in rural areas also necessitate a rethinking of appropriate organizational forms by which rural economies may be stimulated to produce jobs and a better distribution of economic opportunity to all rural residents. In the past, there were no local organizations that could handle a wide range of issues, including sewer, water, fire and police protection, and general governance. These local organizations have now largely been created and supported by university extension, and have developed the capacity to meet community needs and to interact with the outside world. It has become clear to us that most small communities now have a formal structure capable of handling many tasks without the infusion of new organizing efforts or technical assistance. As we pointed out before (Bradshaw and Blakely, 1979), the efforts of rural community development have shifted in large part from *organizing* to new tasks, including the development of multijurisdictional organizations. In recent years these multijurisdictional units have emerged from a number of successful programs requiring the establishment of Councils of Government (COGs), economic development districts, and a variety of community based organizations (CBOs). As well, some rural organizations have developed the capacity to handle regionwide programs, largely government social service delivery programs. In short, the social and economic changes affecting rural areas mean that individual communities are increasingly limited in their ability to be effective acting independently, but they can be more efficient when their resources are combined with those of other local jurisdictions to form what has been dubbed a "ruralplex," a loose confederation of interdependent rural communities working together on specific issues.

In rural areas, three types of organizational structures are found that cut across community boundaries and are effective in creating economic development. Each meets a different objective and each has a distinct potential for solving different types of economic development programs. The first type of multicommunity organization is government districts and organizations such as Councils of Government, economic development districts, unified school districts, Private Industry councils, CETA prime sponsors, and the like. These organizations have the advantage that many federal programs funnel funding through them, they are established by law, they have access to data and information not available to outside groups, and they have some initial legitimacy to be involved in economic development activities. The disadvantage of these organizations is that too often they do not have the support of the local communities in which they operate, there are conflicts over jurisdiction, their mandate overlaps other similar organizations, their boundaries are established without regard to actual community interaction, and they feel restricted from engaging in innovative projects not initially specified in their charters. Many communities feel that there is an

abundance of these organizations and that they should be consolidated. Undoubtedly some consolidation should occur, but we have found that too much bureaucratization and/or mandated consolidation limits the effectiveness of the effort. Leaving the entire responsibility in the hands of one organization is usually viewed with suspicion and hostility. The policy issues for small jurisdictions lie particularly in efforts to build useful organizational forms that assist small communities collectively. For example, some Economic Development Districts in Vermont are taking on major new roles as the most effective vehicle for regional planning as well as economic development. In much of the midwest, councils of government are effective links for regional development, although their power is often compromised by their broadly perceived role as "superior" government to localities and counties. The effectiveness and value of community and citizen coalition in influencing a region's development has been demonstrated by the Western Carolina Tomorrow group made up of local citizens, business persons, and educators. Unfortunately, however, successes like these are much more limited than they should be, and policy should be directed at providing stable funding, removing barriers to broader responsibility, and increasing technical assistance to these organizations.

Community-based organizations (CBOs) are nonprofit efforts to address the needs of a broad community constituency. Some of the most effective of these organizations are those created by the recently dismantled Community Services Administration (CSA), such as Impact 7 in Wisconsin or North Coast Opportunities in California. These organizations are more flexible than governmental jurisdictions and have a locally responsible Board of Directors. On the other hand, they lead a rather vulnerable existence, with limited funding and inadequate resources to do the jobs they have set for themselves. In spite of their limitations, community-based organizations are a valuable asset for federal policy because they are highly innovative and tap deep into the community. At the present time they are severely threatened by the removal of many service delivery programs from their jurisdiction because of recent federal policy changes. In response, the states and localities should take more responsibility for assuring the success of these organizations by using them wherever possible for their programs and for their pass-through of federal money. Moreover, some of their best success comes from creating and spinning off profit-making units. Government incentives should be provided for this purpose. We would propose community challenge grants for two or more communities, in which the federal government would match local funds with communities that engage in creative organizational rearrangements and use locally or community-based organizations in the process.

The third type of multijurisdictional organization for the solution of rural economic development programs is the special limited-power organization which is an agreement by several communities to provide a service jointly, pooling control and fiscal responsibility. The agreement may cover such things as a sewer system, an industrial park, or an economic development activity. This arrangement has the same advantages of many regional government programs, but it is more agreeable to many rural residents because they do not surrender general local control. An excellent example of this concept is the recent professional circuit rider program in Northern California. This project allows several communities to work together collaboratively because they share a single administrator or planner. Similarly, many smaller communities have combined their planning with other communities or the County, with other agreements in process.

3. *Improving the Quality of Rural Work.* Rural areas are providing an attractive venue for rural economic development, and as indicated by various statistics it is providing jobs at a faster rate than urban areas. Yet rural development is at a critical juncture; policy emphasis needs to shift from efforts to find any job to

efforts that make use of rural resources to guarantee jobs of good quality that will last and will provide yet more economic growth. The two major means by which this may be done are creating economic diversity in rural areas and targeting opportunities for job and career advancement for all levels of workers through jobs ladders and appropriate in-service training programs.

Too often, rural economic development focuses on one strategy tried and implemented successfully in another rural area. These efforts aim at attracting electronics plants, for example, yet fail to take into account the benefits to be derived from a truly mixed regional economic base. Several strategies are called for in enhancing the economic diversity of rural areas.

- Build on past strengths. Rural areas should examine ways to strengthen their existing industry, including agriculture. For example, in Vermont efforts to bring cheese processing into the state is effectively increasing employment and saving transportation charges for trucking milk to Massachusetts for processing. Furniture making, mobile home construction, and other related industries build on a lumber base. Service sector development builds on a government and trade strength.
- Look for complementary industries. A new industrial park, for example, may create the potential for trucking services, printing, and other related services.
- Emphasize industries with a diversity of markets and sources so that unexpected declines or gains from one industry are buffered in each community.
- Capitalize on and develop the human resources of the local area and continue improving worker skills so that the workforce is not locked into one employer or industry.
- Work on regionwide diversity, for one community cannot effectively do it alone.

The second component of improving the quality of rural work involves the identification of strategies to create career ladders. One of the sad truths we discovered is that virtually all rural economic development involves creating new jobs or expanding entry positions. Great opportunities exist, however, at the middle level. Too often these middle-level positions go to newcomers rather than to rural residents. Training programs often miss the skill needs of employed persons who might be promoted if adequate job ladders exist and training is available. The added benefit of such promotions are that a new entry-level position is opened. Thus we see the redesign and direction of CETA or its successor employment program to provide for a broader role and and to incorporate a larger portion of the employment strategy.

4. *Leverage Economic Development Programs for the Disadvantaged.* It has become obvious that many of the supposed benefits of most economic development projects in rural areas are not reaching the disadvantaged population they are designed to reach. In part this is because there is less "trickle-down effect" from many industrial expansions because of the increasingly national and regional character of industry. Also, the disadvantaged are missed because their needs are more complex than the programs designed to help them. Moreover, one of the major reasons that the programs are not reaching the disadvantaged is that economic development programs are too narrowly focused, as discussed in the preceding three points. If the broader economic development strategies outlined above were implemented, there would be significant benefit for the disadvantaged; additionally, there are a number of things that regional economic development efforts must do to target their efforts specifically to minorities, women, and persons in persistent poverty.

The first principle of this type of economic development strategy is to create a package of economic development projects so that all groups benefit simultaneously. Most programs for disadvantaged persons simply aim at the bottom and create entry-level positions. While these positions are important, they need to lead somewhere, so that they will be open again for another disadvantaged person to fill.

The second effort is to combine programs targeted for the disadvantaged with efforts to do all three aspects of an effective economic development program -- business attraction, business development, and business expansion. To the extent that this is undertaken, there will be a diversity of entry points for disadvantaged workers, and there will be more opportunity for work.

The third aspect of an effective program for the disadvantaged involves greater emphasis on enterprise development and the accumulation of equity by organizations representing the interests of disadvantaged persons. For example, many communities miss the opportunity to develop an equity position when they assist in a plant location or industrial park. This could be used by minority organizations to provide leverage for additional projects. Moreover, many communities are in the position of making decisions about suppliers of certain services such as waste disposal and cable television; they could award contracts for any number of new services to organizations with a strong commitment to the disadvantaged. Finally, in rapidly growing communities there is always a range of services that are not available and must be purchased elsewhere. A better understanding of this factor is provided by assessments of business opportunities, which provide economic developers with an excellent vehicle for attracting firms or developing local firms to supply services. Disadvantaged persons have a particularly important stake in these efforts because many of them are services that may be learned rather readily.

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